

THE NEED FOR FEDERAL TRANSPORTATION INFRASTRUCTURE INVESTMENT TO RELIEVE TRAFFIC CONGESTION AND IMPROVE AND MODERNIZE OUR ROADS AND BRIDGES IN ORDER TO PREVENT TRAFFIC PROBLEMS FROM SLOWING OUR STATE AND LOCAL ECONOMIC DEVELOPMENT AND HURTING SMALL BUSINESSES

The current state of infrastructure across the United States is quite embarrassing. Speaking specifically of surface transportation and inland waterway infrastructure, our nation's roads have been given the grade of D, bridges a C+ and inland waterways a D- by the American Society of Civil Engineers (ASCE) in their [2013 Report Card for Infrastructure](#). This is unacceptable on so many levels.

While the condition of general infrastructure across the country is certainly depressing, I would like to hone in just a bit on our rural areas specifically. Certainly the Committee is aware that many of our most crucial small businesses in America are located in rural areas. One primary category within this grouping is our farmers.

According to The Road Improvement Program (TRIP), 15% of major rural roads in America are in poor condition, while 10% of our rural bridges are functionally obsolete. Bob Stallman, the President of American Farm Bureau has this to say, "America's rural transportation network plays a key role in the success and quality of life for U.S. farmers and ranchers...deteriorated and deficient rural roads and bridges are hindering our nation's agricultural goods from reaching markets at home and abroad".

We are all aware of the parable of boiling a frog...the slow and steady rise of the temperature desensitizes the frog to his imminent demise. So is the case with our surface transportation infrastructure. There was a time in the not so distant past that America's surface transportation infrastructure was the envy of the world. However, as the deterioration has slowly crept its way across the country, we have been desensitized to the reality of just how deplorable a situation we are in. Not only have we seen a significant decline in the quality of transportation compared to our own history, but our relative standing in the world has fallen exponentially. As we have been moving backward, other countries have been leap-frogging forward in the development of their infrastructure systems.

As an example, the U.S. for the past 20 years has invested around 2% of GDP in our overall infrastructure, while many countries were closer to 5%, and China and India spending more in the 10% range of their GDP. We cannot remain competitive with those annual differentials.

The deteriorating condition and performances of our surface transportation infrastructure imposes costs on American households and businesses in multiple ways. A few areas include: increased operating costs for vehicles, damage to vehicles, increased time spent on congested roadways, and increased negative environmental impacts.

The area I believe could be the most impactful on American society, including small businesses, is the issue of congestion. I often refer to time as the great equalizer. We are each given the same allocation on a daily basis – regardless of our socioeconomic status, race, ethnicity, etc. So much about us is determined by the way we invest and allocate our time. It particularly impacts small business in determining the way we must allocate the time of our employees who travel for business reasons, including delivery services we may provide.

In a report titled, [Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation](#) published by the ASCE, it is noted:

In 2010, it was estimated the deficiencies in America's surface transportation systems cost households and businesses nearly \$130 billion. This included approximately \$97 billion in vehicle operating costs, \$32 billion in travel time delays, \$1.2 billion in safety costs and \$590 million in environmental costs.

Once again focusing on the issue of congestion, it is estimated that in 2010, 630 million vehicle hours traveled were lost due to congestion. Under current infrastructure investment trends, and the trends of travel in the U.S. that number is expected to triple to 1.8 billion hours by 2020.

Finally, to further make the point about the costs to businesses of the ongoing deterioration of our surface transportation infrastructure, the cost related to reduced productivity and competitiveness is estimated to result in increased cumulative costs of \$430 billion by 2020. This will be the result of businesses having to divert ever more revenue toward paying for transportation delays and vehicle repairs; resulting in significant opportunity costs when compared to the investments that would likely have been made into the growth and furtherance of the business.

While I would not advocate federal investment simply for the purpose of creating jobs in either the public or private sectors, I do believe analyzing the impact of public investment on employment is an essential factor in the decision-making equation. Recent studies have indicated that each \$1 billion of investment into highway construction in the U.S. generates around 30,000 construction jobs in the private sector. There are some estimates that are slightly higher and some that are slightly lower, but 30,000 is a fair estimate.

The United States inland waterways system is composed of over 12,000 miles of inland and intracoastal waterways, and about 240 lock chambers. Over 566 million tons travel the inland system each year. This includes roughly 56% of all crude petroleum, 15% of all coal, 24% of other fuel oils, 22% of basic chemicals, 18% of agricultural products, and 19% of nonmetallic minerals. Between 2012 and 2020 the total tons of freight moving along our inland waterways is expected to increase by another 51 million tons. These numbers make it very easy to understand that the condition of our inland waterway system is crucial to the well-being of the American economy.

Compounding the concerns about our surface transportation system is the huge importance of the quality of the system connecting the inland waterway system and marine ports to the surface transportation network. The transport of nearly every commercial good either originates or terminates, or both, on the national surface transportation network.

According to information provided in the report, Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine Ports, a total of 90% of locks and dams on the U.S. inland waterway system experienced some type of unscheduled delay in 2009. According to the U.S. Army Corps of Engineers, maintaining existing levels of unscheduled delays on inland waterways, and not further exacerbating delays, will require almost \$13 billion in cumulative investment needs by 2020. Roughly 27% of these needs entail the construction of new lock and dam facilities, and 73% are estimated for the rehabilitation of current facilities.

In order to accommodate the expected growth in trade and domestic waterborne traffic, total investment needs by 2020 are estimated to be \$30 billion. This only includes dredging and operation, and maintenance needs. It does not include the associated investment needs in surface transportation infrastructure in order to provide the needed connectivity to that system, nor does it include the needs connected to specific maintenance projects and upgrades needed directly within the port facilities.

From Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine Ports:

The U.S. economy relies on low transportation costs for its exports to offset higher wage levels and costs of production when compared with its competitors. Greater costs to export goods will affect the nation's ability to compete in global markets for goods produced in the U.S. ...In addition higher costs will be incurred for imports, which will increase costs of materials to businesses, thereby increasing cost of production, and for consumer products sold to households, which eventually will erode their disposable income.

How does Louisiana stack up within the context of these concerns about the state of our national infrastructure system?

- Louisiana's grades from the ASCE report card are: roads – D, bridges – D+ and ports – C-.
- Louisiana's backlog of needed highway and bridge projects is roughly \$12 billion.
- Although Louisiana's rural roads not included in the national highway system have benefited from \$300 million of targeted investment over the past three years, there are still great needs in our rural areas.
- The state's connectors and major arteries that are on the NHS, but not interstate highways have suffered significantly due to a shortage of state funds to meet the required federal match dollars in those programs.
- We have the fourth highest square footage of bridge deck.
- We are the eighth worst state as it relates to structurally deficient rural bridges.
- We rank in the bottom third of federal funding received for bridge maintenance, repair, and replacement.
- The number of deficient bridges in Louisiana is higher than the total number of bridges in 10 other states, the District of Columbia and Puerto Rico.
- Louisiana has the second highest number of miles of inland waterways at 2,820 miles.
- Locks and dams, particularly on the Ouachita River, have exceeded their design life by decades.
- Louisiana has a large agricultural industry.
- Louisiana is, by and large, a rural state.

There was a report published recently through a collaboration of the Louisiana Association of Business and Industry (LABI) and the Louisiana Community and Technical College System (LCTCS). The title of the report is, [An Invisible Giant: The Maritime Industry in Louisiana](#). The researchers found that 1 in 5 jobs in Louisiana is directly tied to the maritime industry, that related employment income tops \$3.5 billion annually, and the industry generates \$11 billion total annual economic income within the state.

The needs in Louisiana are great, as they are across the nation. It is incumbent upon the federal government to find ways to assist states in meeting those needs due to the overarching national interests involved. Historically, our federal investment policy has been determined through long-term infrastructure legislation, typically five to six years in length. This allows for proper coordination and planning, both at the federal level, and between the federal and state agencies. It allows the states to make long-term plans and set priorities by knowing the funding levels, but also the policy that will be in place for the foreseeable future.

Although MAP-21, passed in 2012, was outside the time frame of the short-term extensions that have been utilized since the 2009 expiration of SAFETEA-LU, it was still brief in historical terms; meaning the most recent transportation infrastructure bill that met historical norms was passed in 2005. This approach has left state and local governments and contractors in a somewhat paralyzing situation for a number of years now. States cannot plan and prioritize projects in an efficient and consistent manner, especially long-term, multiyear projects. Contractors are hesitant to make significant needed capital investment for fear of crippling reductions in the historical levels of work available.

Although the MAP-21 legislation was short in historic terms, and left significant concerns surrounding adequate funding, there were also several substantive positives brought about through the policy issues addressed. These included a significant reduction in the number of programs and structure within the USDOT, a faster path to studying and approving considered projects, additional flexibility for state departments of transportation (DOTs), and a fresh approach to freight transportation, among other improvements.

In my opinion, the area with the most promise and direct impact on small business is the focus on the freight transportation network. Although yet to be fully implemented, the freight program will accomplish good things on the behalf of businesses. It includes the establishment of a national freight network, along with the development of a national freight strategic plan, and the designation of freight corridors across the country.

From my perspective, this is an important issue, and it has the potential to really move the country forward in terms of the efficient and timely transportation of freight; clearly crucial to small business interests.

I would hope as we advance new federal transportation policy, many of these improvements are continued and refined to bring even more benefit to small businesses across the country, including providing more focus on the connectivity of intermodal systems, and increasing investment in our inland waterway system.

I believe much of the solution lies in our approach to the overall situation. As a broad stroke, I would initially offer three key solutions put forth in the ASCE Report Card mentioned earlier:

1. Increase leadership in infrastructure renewal.
2. Promote sustainability and resilience.
3. Develop and fund plans to maintain and enhance America's infrastructure.

First, our country needs a bold champion or multiple champions speaking with one voice. There is a great need for an absolute and unrelenting focus by someone who has made the improvement of the transportation infrastructure of America a singular passion. This champion needs the willpower and determination to bring varying interests and political parties together to address the gaping problems outlined above. Infrastructure investment has traditionally been a bipartisan issue, but of late has become one more victim of the oft-noted polarization among our elected leaders. We must resolve this if we are to further infrastructure improvement in America.

Secondly, there needs to be a multi-pronged approach to the furtherance of transportation infrastructure in America. Two major divisions must be sustainability and maintenance, and enhancement and capacity increase. While sustainability and maintenance will not have primary impacts on the problem of congestion, it does have primary impact on the cost to households and businesses across the country. We must maintain and preserve the infrastructure that is in place. Otherwise the cost to replace only goes up over time, and limits the availability of funds to address the congestion and delay issues. The impact of delaying maintenance and preservation of assets within our inland waterway systems should be instructive to us about our approach to our surface transportation system.

At the same time, we must address the issue of constructing new roads, and bridges. Congestion costs us in many ways, and must be addressed in our population centers. It has a negative impact on the environment, on the quality of life and family, and on the productivity of businesses – with a relative greater impact on small businesses and entrepreneurs. This must be addressed through a number of

investment methods and programs that are applicable across a variety of variables, to include tolling, public-private partnerships, design-build-operate, and other innovative approaches.

Thirdly, funding must be addressed. While eliminating waste and squeezing efficiencies from the system are crucial to providing the maximum funds for investment and to restoring the trust of the paying public, those approaches will not be adequate to address the truly gargantuan problem that is building across the U.S. We must have the resolve to address the current funding mechanisms, and to find more appropriate and innovative approaches to the problem for the future, and we must prioritize the investment of the dollars received so they have maximum positive impact on a sorely-needed national vision in coordination with the states.

I will dive into the weeds on a couple of issues that I believe are key to a well-planned federal policy on infrastructure investment.

It is important in the cases of the investment of federal funds, that programs have a national purpose. I believe it is very important that federal infrastructure investment should further the national interests and benefit citizens across the country in equal fashion. For this to happen, individual states need great autonomy in the investment of federally-allocated infrastructure investment. This autonomy, under the umbrella of measures of positive impact on national and regional goals, should include variable pavement design, specific program selection within the national highway system for highways, optional transit investment versus modes of individual transportation, project operational specifications, and innovative options for providing matching public or private funds. We are a great nation because of our diversity, and each state and region experiences different infrastructure needs and design requirements based on population, demographics, climate and geology. Flexibility is needed in order to most effectively account for these concerns.

Interstate freight movement is certainly a national concern and should be specifically addressed in transportation infrastructure policy. Regional coordination is of great importance in the efficient and timely movement of freight, as is a solid national strategy. Freight movement entails a set of individual needs that extend beyond the basics of infrastructure necessary to move people. The existing freight program should be further refined to reward projects that utilize intermodal and multimodal integration. Our inland waterway system has been highlighted as a marine highway system, and that it is. There are great benefits to be enjoyed when our inland waterways are included in the movement of freight within the heartland of the country. Some of the benefits include reduced highway congestion, environmental improvements, increased highway safety, decreased highway degradation, and mitigation of the current shortage of drivers in the trucking sector.

While an increase in the motor fuels tax is absolutely necessary to address our current shortfalls in funding across the nation – many states have addressed this inevitability recently – there must be movement away from the fuels tax being the foundational funding stream for the future. This is proven in when one considers the recent substantial increases in vehicle miles traveled, and the substantial and increasing improvements in average fuel mileage of new vehicles. The result being greatly increased wear and tear on the existing system with less and less gallons of fuel purchased – increased maintenance costs and decreased dollars collected to pay those costs. The quantification of these facts is presented in the USDOT's Highway Statistics Report, 2013. Add to this the inflation experienced since the most recent fuels tax increase – 1992 – and the problem becomes very clear and of great concern.

Believing we will never be able to chase down the needs with what would prove to be never-ending increases in the fuels tax, I offer the option of a federal sales tax on motor vehicles. The reasons that I believe this could be a viable option include:

- It eliminates stated privacy concerns regarding a VMT approach to funding.

- It is truly tied to usage of the system, so it becomes a user fee much like the fuels tax has been.
- In a general way, it ties the impact on the system to the fees paid, in that larger, heavier vehicles tend to have cause greater wear on the system than lighter, less impactful vehicles.
- It gives individuals a significant amount of control over the amount they pay, in that each individual can choose the price range of the vehicle they purchase.
- It is not explicitly regressive. Currently, a person making \$20,000 annually and driving a vehicle that gets 20mpg pays the same amount as person making \$200,000 annually and driving a vehicle that gets 20mpg.
- It importantly covers advances and variety in power options. Electric vehicles, natural gas vehicles, and vehicles powered in ways that we cannot currently project will be included in this approach.

In summary, I believe the following paragraph from an editorial written by Representative Charles Rangel on May 21st of this year makes the point.

This is why we must support efforts to shore up our outdated infrastructure. Spending the necessary money to not only fix our failing highways and bridges but actually modernize them and make them practical for the 21st century is worth the fiscal hit. Our public investment in essentials such as roads is lower today than it ever has been in the past 50 years -- about 10 percent of what we allocated in the 1960s. We must make certain that America remains a leader on the world stage. This will happen when we take the necessary time and money to advance our transportation system, which is an investment in our people and the future of America.