

**Testimony before the Transportation and Infrastructure
Committee**

“Financing Infrastructure Investments”

Tuesday, June 10, 2008

10:00 am

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Testimony of Congressman Earl Blumenauer

Introduction

I would first like to take this opportunity to thank my good friends on this Committee where I served for so many interesting and challenging years and where so much of the vital work of building America takes place on a daily basis.

As this Committee's many wonderful hearings amply demonstrate, our nation faces grave challenges in providing sufficient infrastructure to support our expanding population and economy as well as to respond to the challenges of climate change. I have introduced H.R. 5976, the "United States Commission on Rebuilding America for the 21st Century Act" to engage the public in a sweeping dialogue about these challenges. By integrating our communities into this discussion, we can generate the necessary political will to make the significant investments demanded by these challenges.

I thank the Chairman for his attention to this important subject, as well as for his kind invitation to testify on this matter today.

Decaying Infrastructure

The infrastructure of the United States is in decay. The challenges of the 21st century require a renewed national focus on the infrastructure that is essential to our cities, our rural communities, our economy, and the health of our planet. America is facing an infrastructure crisis that cannot be ignored. The levee breaches in New Orleans, bridge collapse in Minneapolis, and burst steam pipes in New York City are only the most visible signs of a persistent underinvestment in our nation's infrastructure. The actual danger to our communities and economy is much greater. We have neglected the foundations of America's communities, threatening our environment and our future economic prosperity.

As the members of this Committee are well aware, in 2005, the American Society of Civil Engineers gave our nation's public infrastructure – water, sewer, and transportation systems – a grade of D-minus, estimating that it will cost \$1.6 trillion to repair our existing infrastructure. That cost is unsurprising when the following facts are considered:

- The Environmental Protection Agency, the Congressional Budget Office, and other stakeholders have identified a funding gap of between \$300 billion and \$400 billion over the next 20 years for the

restoration and replacement of wastewater infrastructure, and an additional \$250 billion over the next 30 years will be needed to replace worn-out drinking water pipes and associated structures;

- From 1988 to 1998, the Nation's electricity demand grew 30 percent, but only enough new transmission capacity was added to handle half that amount. According to the North American Electric Reliability Council, electricity demand will grow 20 percent between 2002-2011, but only 3.5 percent in new transmission capacity is planned;
- The cost of congestion, including added freight costs and lost productivity for consumers, reached \$78 billion in 2005;
- Climate change poses significant threats to infrastructure, not only to America's 60,000 miles of coastal highways, but throughout the interior and on our inland waterways as well;
- Significant under-investment in public lands infrastructure jeopardizes the tremendous conservation, recreation, and other benefits that these lands provide the public; and
- By 2050, we will build 89 million new or replaced homes as well as 190 billion square feet of new offices and other non-residential buildings.

The American Society of Civil Engineers is not alone in calling for substantial investment in transportation and water infrastructure; the National Surface Transportation Policy and Revenue Study Commission recently calculated that maintaining and upgrading our existing transportation system over the next 50 years will require an annual investment of \$225 billion.

Increasing Challenges

These challenges will continue to increase. The US Census Bureau estimates that by 2050, the US population will grow 49% from its point in 2000, reaching 420 million. As the Regional Plan Association has amply documented, most of this growth will take place in extended networks of metropolitan regions linked by environmental systems, transportation networks, economies, and culture. Already this year, this

Committee has heard that these areas handle 75 percent of the nation's seaport tonnage, 79 percent of air cargo weight, 92 percent of air passengers, and 96 percent of rail travelers. These figures will grow dramatically over the next fifty years. Additionally, freight challenges do not tell the whole story for our economy – poverty has moved into our suburbs. In 2005, as the Brookings Institute reports, for the first time in American history, more poor people live in suburbs than in traditional cities.

In addition to these demographic challenges, climate change presents our infrastructure with additional significant challenges. As the Transportation Research Board concluded earlier this year, the impacts of climate change will “vary by mode of transportation and region of the country, but they will be widespread and costly in both human and economic terms and will require significant changes in the planning, design, construction, operation, and maintenance of transportation systems.” To avoid the worst effects of climate change, we must greatly reduce our carbon emissions, by at least 80% by 2050. Transportation is the second largest—and fastest growing—source of U.S. CO2 emissions. Already, the top 100 metro areas of the country drive 60 percent of all the vehicle miles traveled in the United States. Our infrastructure systems require significant investments to avoid the worst impacts of these changes.

America Has Met Past Challenges

In 1808 – an anniversary that Congress, led by this Committee, honored earlier this year – President Thomas Jefferson faced immense changes brought about by the Louisiana Purchase. With the purchase, America grew from a new nation of 13 disparate states along the Eastern seaboard to include a great mass of uncharted land stretching into the heart of the continent. In response, Treasury Secretary Albert Gallatin created a national plan of ports, roads, and inland waterways to encourage settlement of the nation and facilitate trade among its scattering of independent farmers. The Gallatin Plan created a vision for transportation and infrastructure to unite our young Republic. Though the plan was slowed by the increasing tensions between Northern and Southern states, it paved the way for the Erie Canal, the Pacific Railway Act, and knitted together the vast expansion generated under the Homestead Act.

One hundred years later, America faced different challenges. Extensive settlement and economic expansion had significantly degraded parts of the environment and created urban areas blighted by pollution, while the excesses of railroads and

unscrupulous business interests left farmers and laborers in financial ruin. In response, President Theodore Roosevelt convened a conference of Governors at the White House to detail the natural resources needed for the nation's future economic expansion. The resulting National Conservation Commission launched a series of conservation plans and water projects to irrigate the West and generate cheap hydroelectric power, while the conference report identified future infrastructure needs. This report laid the groundwork for many of the critical investments initiated by President Franklin Roosevelt to jump start the nation's economy from the Great Depression decades later, such as the Tennessee Valley Authority and the Bonneville Power Administration.

A New Vision for Infrastructure Investment

Today, the challenges our public infrastructure face are dramatic and worsening. The pace of population growth and demographic change in our country is matched only by the intensity of our economic transformation and the looming of challenge of climate change. Strategic investments in our infrastructure systems can alleviate these challenges.

As we did in the 1800s and the 1900s, it is time to reach out to the American people to create a long-term vision that will allow us to meet our challenges. This is why I have introduced H.R. 5976, the "United States Commission on Rebuilding America for the 21st Century." This bill, which is co-sponsored by a number of members of this Committee, will create a commission of 17 members, to be appointed by Congress, the Administration, and State and local governments, to synthesize existing reports to identify challenges and needs; commence a thorough set of public hearings on infrastructure conducted in not fewer than 50 Congressional districts across the United States to ensure geographic and demographic representation; and articulate a national vision for infrastructure investments.

A new national vision for public infrastructure investment will guide decisions on reducing carbon emissions, supporting a greener economy, and meeting the needs of our changing demographics. Smarter investments in these areas can generate greater returns for our country. A recent academic study highlighted by the Brookings Institute shows that public investment in transportation in the 1970s generated a return approaching 20 percent, mostly in the form of higher productivity. Investments in the 1980s generated only a 5 percent return; in the 1990s, the return was just 1 percent. We need to refocus our investments on the challenges of this century.

We need a new approach for these challenges. We need to craft a new national vision, one that addresses the challenges of global warming, our growing energy crisis, and the need to rebuild America's communities and the American economy. Only by engaging stakeholders and communities in a sweeping dialogue about the challenges we face will we find the necessary political will to make the significant investments demanded by these challenges. H.R. 5976 begins that dialogue across America.

Thank you for allowing me this opportunity to address the Committee.