THE BROOKINGS INSTITUTION

IS BIPARTISAN SUPPORT FOR INFRASTRUCTURE REFORM A MYTH?

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PARTICIPANTS:

Welcome:

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Debate:

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Closing Remarks:

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P R O C E E D I N G S

MS. LIU: Good morning.

GROUP: Good morning.

MS. LIU: Welcome to Brookings. Boy, do we have a treat for you today? (Laughter) We are hosting a debate, a debate between a prominent Republican and a prominent Democratic infrastructure officials to determine or assess if there is common ground or potential for bipartisan agreement on national infrastructure policy.

Now, I'm not sure if we're really going to get a debate today. A, we don't have podiums, which is what we normally do, so D.J. actually had said at the break that this is more like two uncles at a barbeque having a conversation. (Laughter)

But the other reason I'm not sure if we're going to have a debate or if we're going to have sparks flying is because D.J. and John are actually -- I think they actually like each other and respect each other. So we'll see what kind of conversation we have today.

But I think all of us here in this room would agree that we would like to see if bipartisan consensus can be found on this topic. Because in recent months and in the recent past decade, as important as infrastructure policy is to our economy, to opportunity, to climate sustainability, there has been some real disappointment.

The infamous White House meeting, for instance, a few months back between President Trump, Speaker Pelosi, and Senator Chuck Schumer where they agreed to a $1 trillion infrastructure agreement -- 2 trillion. That lasted not even one news cycle and putting a dent on any -- one of the few glimmers of potential bipartisanship in this town and under this administration.

SAFETEA-LU, a prior federal infrastructure law that many of you are familiar with, kept receiving extensions due to a lack of agreement on its vision and direction. And even our current law, the FAST Act, relied on a huge one-time infusion from the Federal Reserve in order for it to get past the finish line.

And meanwhile, with our highway system now built, our water-sewer systems failing us, and new demands for digital infrastructure, there is no agreement currently on what is our nation's infrastructure vision, who should pay, how we pay, and who is accountable for delivering infrastructure given the network of cities, towns, and metropolitan areas that now dot our national landscape, each with their own priorities. So a lot to grapple with.

And that is why I think the question is, is infrastructure policy actually harder than it looks? Are the political sides a bit farther apart than we freely admit? What are the areas of agreement that can form the foundation for a future negotiation?

Now, note that these are the very questions that our team at Brookings Metro will be exploring in the coming months. But today, we have the pleasure to have two people help us navigate these questions. And I am delighted to introduce two leaders who are really highly respected in this town, who have a lot of experience in Washington.

John Porcari is the former deputy secretary of Transportation for President Obama. He's also twice served as the Maryland secretary of transportation. He is currently the president of the U.S. Advisory Services for WSP, which is a global engineering, research, and professional services firm.

He will be debating D.J. Gribbin, who was recently the special assistant for the President on infrastructure under the Trump administration. Prior to that, he was general counsel for the U.S. Department of Transportation under President George W. Bush and even general counsel for the Federal Highway Administration.

And he, also, like John, has private sector experience having led the government advisory practices for Macquarie Capital and today is a senior operating partner for Stonepeak Infrastructure Partners. He is also a nonresident senior fellow here at Brookings Metro.

So the format today is this will be a self-moderated debate, so no Gwen Ifill, no Bob Schieffer. (Laughter) And after 30 minutes, they will open it up for audience Q&A, which means that you'll have an opportunity to ask tough questions if they are way too polite to each other today.

And then Adie Tomer, who's our infrastructure fellow, will close the program with a few observations on what the key takeaways are from the debate.

So without further ado, please welcome John and D.J. (Applause) Now, while they are getting settled, we are handing out some cash. (Laughter) I am not going to tell you who's trying to buy your votes today, but this is part of an exercise that one of our debaters would like to undertake. And at the end of the program, we would just simply like to have those dollar bills back. (Laughter) So I believe Karen and a few others will be collecting them at the end. So I think we are up for a really fun discussion in just a moment.

MR. PORCARI: Good morning, everybody, and thanks for coming. This is, as Amy mentioned, D.J. and I are kind of frenemies on this issue and have had a lot of discussions on it.

I think to set the stage for today's discussion, first of all, I'm not the one giving out the dollar bills. (Laughter) D.J. will explain that. Had a Democrat handed them out it would have been awarded competitively based on a benefit-cost analysis. (Laughter)

But I think the premise for today's discussion is that our infrastructure typically serves both a local and a national function, and that's the genius of federalism. And the heart of our discussion and where we agree and disagree is what the right mix is of the local and federal functions and how they fit together.

And so it's been true since the founding of the Republic. And if you think about the earliest work in our harbors and building lighthouses, the national road, U.S. 40, canals, all of those have served both local and national functions. And all of those, importantly, from my perspective, have been seen by the federal government as something important for the national interest.

It's true today. If you took Route 1 from Maine to Florida, you would see that that serves a combination of local and national functions. That mix may change over time, but essentially, that's part of federalism. You see it in virtually every part of our interstate system.

You see it in a different way in our national airspace system, which is the one federally operated part of the national infrastructure system. And think about how balkanized it would be if each individual state were operating air traffic control as opposed to a national system.

And the federal funding components that come with that, D.J., are one of the ways that we together operationalize many important goals, like national air quality goals, like revitalization of communities, economic development. So there's certainly, from my perspective, an important federal role in all of those things.

I'd also say on process reform, which is I think critical to the future of infrastructure in the U.S. The federal government has a very important role in conjunction with the states in building measurably better outcomes in a faster, more predictable process without sacrificing any of the values that we hold, like environmental protection. So as long as process reform isn't a euphemism for gutting the system, I think there is some question about that.

MR. GRIBBIN: About how robust a process reform we have?

MR. PORCARI: Yeah, the word "robust" is one you should worry about if it's not defined. (Laughter)

But I think it's important as we have this discussion to think about how the choices are actually made for infrastructure. With few exceptions it's not at the federal level. It's at the local level. They're local choices that aggregate up into a national system rather than some kind of national diktat that actually flows down. And if you think about it from that perspective, to me it sets the stage for a real discussion of roles and responsibilities in what we can do going forward. So if you have a local commitment for a project, from my perspective, there should be in many cases an accompanying federal commitment to the project.

And the proof is, to some extent, in the system we have now. So that federal-state partnership built what is arguably the best aviation system in the world and the best interstate highway system in the world. If we had made the same local, state, federal commitment on transit and passenger rail, we'd have great systems there, too. We just don't have that consensus.

So, D.J.?

MR. GRIBBIN: Okay. Thank you, John. I agree with most of what John said. And I think the point where we're going to differ a little bit is the role of the federal government, so I'll talk a little bit about that.

Before I do I want to thank John. This was his idea. We were at a meeting and we were going back and forth and we said, you know, we should take this public and have this conversation in front of a group of people.

MR. PORCARI: You may disagree at the end of this.

MR. GRIBBIN: It's like the two uncles at the barbeque who kind of get together. One's watching MSNBC, one's watching Fox, and then we get together and talk at the holiday.

But I think the challenge -- so I agree in terms of should the federal government do FAA and airspace? Absolutely. The interstate system? Absolutely. Okay, but now we're kind of done, right? I mean, that's the list. In my mind, we've now exhausted the list of things the government should do. (Laughter) Check, check, let's declare it mission accomplished and move on.

And so the one challenge I had when I was working at the White House and trying to formulate a plan, two really interesting things. One was when you get outside of Washington and you talk to mayors and governors and county executives, unbelievable bipartisan agreement. I think, John, you actually said at one point there's not a Democratic pothole or a Republican pothole, it's just a pothole. We can all agree on that.

The challenge is that when you come into Washington there is significant disagreement. And the disagreement's not over should we invest more in infrastructure.

The disagreement really circles around what is the federal role? And one of the mental concepts that muddies that conversation in ways that was unfathomable to me before my White House experience is the thinking and the urban myth that federal funds are free. Right? I can't afford this, so I'm going to have the federal government pay for it. Communities can't afford this, so the federal government should pay for it. And what that thinking misses is every dollar the federal government gets comes from a community.

So everyone here should have a dollar, if this worked out well. Okay? So you are a community. If you think of our annual spend on infrastructure, you have collectively in this room 1/1,200th of a second of that annual spend. Right? So we spend 4- to $500 billion; in this room we have 1/1,200th of a second of that annual spend. But you're a community, this is your dollar.

You have a need of infrastructure. There are several things you can do with this dollar. You can spend it in your community, right, or if everyone could just pass it to the inside row because inside here, these are all the governors of our states. So we're giving our community dollars and we're passing them to the governors because we've decided, listen, this infrastructure need we have right now is more than our community, it's a statewide need. Right?

So now all of the governors -- congratulations, Governors, in the middle here (Laughter) -- should have $4 or $5. If you don't, look back at your communities. (Laughter) Make sure they've done the right thing.

And then I want the governors just to pass them all up front, so all the money just kind of rolls up front because John and I are now going to take it. Thank you. You've now passed it to the federal government.

Now, the point of this exercise is that now the money has come federally and we're going to make decisions, and that's great. We have additional resources. They're federal needs. We're going to make those decisions. But I want everyone to not miss the point where those dollars came from. They came from communities.

So, you know, if we spend money at the community level, we spend it at the state level, we spend it at the federal level, that's going to depend on the nature of the infrastructure, and that makes sense. But at the end of the day, it's the individuals, it's the communities in this room that are actually providing those resources.

One of the challenges -- so if you take a step back and that's the funding part of it, right? Thank you, Karen. (Laughter) Karen will be the accountant at the end of this and we'll see how well we did. Yes, it's a room devoid of corruption. Thank you very much.

So if you think infrastructure globally there's really just two major challenges we have. One is funding, which we kind of did the exercise around. The other one is the amount of time it takes to get a project approved. Right? And, you know, John worked on this in the Obama administration. I worked on it in the Bush administration and in the Trump administration.

Our national permitting process is an embarrassment. I mean, I had Michael Harkins, who's a lawyer for Federal Highways, he came over to be a detailee over at the White House. I said before you do anything else, Michael, I want you to sketch out the process of what a state or local government has to go through to build federal highway with federal funds. And it was 8 different agencies, a dozen different decisions, 29 statutes, 5 executive orders. It can take a decade to just get all the way through that process.

And that is problematic because delay is not helpful, but it's also problematic if you think of it both from the funding standpoint and from the environmental approval standpoint. At the end of the day, the currency we're relying on is public trust. Right? If we can get the public to trust what you're doing, and John's seen this in government and I've seen this, if you can get the public to trust what you're doing, then they're willing to provide resources. They're willing to more quicker.

The challenge we have right now is the delivery of infrastructure is so discombobulated and so inefficient that the public is hesitant to give funds at the federal level. Now, interestingly, when you go to the local level, about 75 percent of local initiatives pass.

MR. PORCARI: D.J., let me stop you at the federal level there.

MR. GRIBBIN: Yes.

MR. PORCARI: And give you a specific example. I agree that the public trust is an important part of it and the fairness of the process is an important part.

A specific example is a project you know and love, the Gateway Project in New York.

MR. GRIBBIN: Oh, we did the Gateway already, so. (Laughter) It was later in the program, but we're going to move that up.

MR. PORCARI: So an EIS for a major project like that typically took four years. We did it in 22 months. It's in Month 16 of sitting on the Secretary's desk without signature. So when you put your thumb on the scale for the process to hold up a project, that, too, takes away the public trust.

MR. GRIBBIN: I agree with you. Yeah. I mean, in other words, the federal government should be doing all it can to expedite it, but part of the challenge is, in a way, to rationalize the scope of the federal government's involvement. So you could question the degree to which that entire federal process, do we need all of those steps? Does it need to take as long? Do we need as many agencies involved?

I mean, I think that --

MR. PORCARI: And that's one that did not take as long.

MR. GRIBBIN: Right. And I think we could both agree that from an environmental standpoint, we're not cutting corners. Right? We want to have a robust analysis. But you have countries that are far greener than the United States that do this in 18 months, 2 years, 2-1/2 years. So I think that part of our system is broken.

So what we're going to do, and John's doing a good job of mixing it up a little bit, is he was going to do introductory remarks. I'm going to do introductory remarks.

Then we're going to ask each other hostile questions because that's always fun. (Laughter) Then we're going to ask each other sort of friendly questions. And then we're going to open it up to the audience. So think as we're going through this -- and I think, John, you get the first hostile question.

MR. PORCARI: Okay, maybe semi-hostile. So, D.J., you worked for an administration that talks about devolution. Was there any real focus on practical solutions to infrastructure problems or, as many of us suspect, was devolution just a code word for dumping responsibilities, including financial responsibilities, on state and local jurisdictions?

MR. GRIBBIN: Thank you, John. That's a great question. (Laughter)

So we actually didn't talk about devolution. Critics of our approach labeled it devolution and they talked about devolution. And you have to love the political debate inside of Washington because we put our hands up and say, listen, state and local governments own all of this infrastructure. Right? They're already funding three-quarters of it. Let's let them have more decision rights around what they should be doing with what their own infrastructure is.

And then all of a sudden, there's a screen devolution from Capitol Hill as if what we're trying to do as a federal government is take federal responsibilities and push them on the state and local governments. And I think what's happened is the state and local governments already own this infrastructure, they already pay for it to be constructed, they decide what's to be built, they decide how it's going to be built, they decide how it's going to be maintained. Those are all state and local decisions. The federal government is a helpful partner in terms of providing grant funding, but that's kind of it.

And so I think what we were looking at, to your point about FAA, airspace, and the interstate system, is the federal role now that those have been accomplished, the federal role should be matched to the needs of 21st century as opposed to 1956 we passed the Highway Act, which created the interstate system. So we still have kind of a 1956 mentality in terms of the federal role when it comes to highways. How do we move that and rationalize that to a more efficient federal responsibility?

But anytime you talk about moving things in D.C., it's about power. And so, you know, Chairman DeFazio was quick out of the box to declare the administration's proposal a scam, which I thought was interesting. A scam, really? And was quite concerned about this, you know, process that could be labeled devolution because he ends up with less authority and his committee ends up with less authority.

But I do think if you step back and look at the system and what its needs are, there's less need for, as you mentioned in your opening statement, sort of a top-down federal diktat than there is for a bottoms-up, let's have lots of creativity and then have the federal government be a helpful partner in that.

So, no comments on my response? That's good. Okay.

During the Great Recession, the Obama administration -- you know, it started out in the Bush administration, you all inherited quite a mess. The people felt that there was a need for infrastructure investment. Infrastructure investment would be stimulative, be good for the economy. I think some people felt like in terms of infrastructure funding there's a bit of a bait-and-switch where we talked a lot about infrastructure funding, but at the end of the day we spent a lot of money on things that were not infrastructure-related. And we knew when we started that that there were no true shovel-ready projects. How did the concept of shovel-ready get as far as it did?

MR. PORCARI: Well, I disagree with the premise. There actually were and are shovel-ready projects. So the perspective I have on this is I was actually a state DOT secretary in Maryland when President Obama signed the Recovery Act. A few weeks later, I was in the federal government administering the program.

But as a state DOT secretary, and let's remember where we were, in November of 2008, the nation lost 800,000 jobs in one month. In January of 2009, over 800,000 jobs. That's a disaster of the first order. The stimulative part of the Recovery Act for infrastructure, I would argue, did exactly as it was designed. And I'm speaking as a state

DOT secretary.

So we had the contractors, the industry were laying off people at the time. We met with them weekly and basically said here's where the Recovery Act bill is going, here's where stimulus is headed. We competitively bid projects, issued limited notices to proceed, and said when the bill is signed you can start work.

MR. GRIBBIN: But even the President said there was no such thing as shovel-ready. I mean, after the fact, he even said, as we found out, there's no such thing as shovel-ready projects.

MR. PORCARI: But the evidence actually is -- we did what we called a high-low mix. So the low end was things like resurfacing, storm drainage projects, park-and-ride lots; high end, some transit projects, bridge and tunnel work. The low end projects, the President signed the bill 2 p.m. Monday afternoon. Tuesday afternoon, New Hampshire Avenue, not far from here, we had resurfacing work underway, the first project in the nation.

So the point was not to change the nation's infrastructure base with the Recovery Act. The point was to get people back to work. And if you look at that high-low mix and even the lowest end projects, like resurfacing, have a life of 14 years, so they're truly capital projects. And that work was underway the next day, as I mentioned.

The unemployment numbers steadily got better and turned positive a couple months after that. We've now had 10 years, not because of the Recovery Act entirely, but 10 years of job growth. And I would say, having seen it from both the state level and then literally weeks later the federal level, it is very clear that we would have been in much worse shape had we not done that.

The other parts of the Recovery Act, as you point out, there were parts of it that I don't even understand, honestly, that were put in there. Some of the tax breaks, for example, were put in there to get the votes to get it to pass. It was as simple as that.

But I will say that, to me, it proved the point that an infrastructure investment properly conceived, this kind of high-low mix where you get to work immediately and then you segue to the larger projects, actually does work.

MR. GRIBBIN: Okay.

MR. PORCARI: You're nodding yes, but saying no. (Laughter)

MR. GRIBBIN: Well, I figure, you know, we could go -- the challenge with having me and John here is we could go an hour on any single one of these topics. I'm trying to be, you know, disciplined and let us move on to the next one as opposed to rebutting that ridiculous statement you made about the effects. (Laughter) But (inaudible), go ahead.

MR. PORCARI: I'll take you on a tour of the projects.

So you worked for an administration that started with a trillion-dollar solution. It was then 1.5 trillion at some point.

MR. GRIBBIN: Yes, in the State of the Union, yes.

MR. PORCARI: In the State of the Union. Two trillion the day of the single meeting and just dropped off the map after that. Rather than this kind of soundbite politics where there's a one-upmanship trying to get the number higher, how can we focus? And did your administration ever seriously focus on real transportation-related priorities that have broad support across the nation?

MR. GRIBBIN: So excellent question. So the 1 trillion, 1-1/2 trillion, 2 trillion, it seems like there's a new fad because we're seeing the same dynamic on Green New Deal with the Democratic candidates for President where they're all throwing out, you know, 1-1/2 for Green New Deal, 1-3/4 to -- I don't know if that's a new way to express interest to the public that I really care about this issue. Therefore, I'm going to borrow a trillion dollars and spend it on it.

But I think John and I both agree that talking about dollars before talking about having a plan is a mistake. Right? That we should have a vision for what we're trying to accomplish, then figure out whether it's federal, state, local that is best positioned to execute that vision. Then talk about how we fund that vision.

So just to put it in context, $2 trillion equals $39,000 for every wage earner making more than $45,000 a year in this country. Think about it. Every wage earned making $45,000 a year in this country would have to pay $39,000 to get us to $2 trillion to invest in infrastructure.

So think the reason why something so wildly aggressive passes the laugh test is this dynamic that we talked about earlier where we start with the dollar bills, is when people hear 2 trillion they think that's great, someone else is going to pay $2 trillion for my infrastructure. And what they don't realize is, no, wait a minute, that's coming from all of us collectively to be deployed as the federal government deems appropriate.

So I'm going to skip that point because it's getting in depth and I'll cover it during the questions. But in terms of pay-for, so the administration's plan got a lot of criticism in terms of, you know, it's only got $200 billion, doesn't have a trillion. It has this incentive thing in there, we don't understand that. When really that was built on Smart Cities, a very successful program the Obama administration had with $40 million of government capital, federal government capital, 10 million of private. They leveraged that up to about $400 million of investment for Smart Cities and dramatically changed the way that people think about Smart Cities and infrastructure inside of cities.

We're looking to build on that very successful experiment and say, in essence, we will give communities an incentive to raise funding in your community. And so that was the pay-for because I think Peter DeFazio blast the administration for not having real money. Well, real money isn't money that comes to Washington and goes back out. Real money can be local funds that's reinvested in the local community. That's all real money. Yet some in this city see real money as if it doesn't come through here, it's not real.

So the plan would have been remarkably successful even without it. This year we've seen a Republican governor in Alabama sign a gas tax increase. We've seen the Bay Area propose $100 billion in local funding initiatives.

So the good news is people aren't just sitting back and waiting on

Washington. They're acting. What we want to do is accelerate that trend and get even more investment in that.

MR. PORCARI: I think everybody agrees that you start with a local investment. And if you look at the local self-help initiatives around the country, over the last decade over 70 percent of them have been successful.

MR. GRIBBIN: Very successful.

MR. PORCARI: And the reasons are pretty basic. If you tell the taxpayers exactly what projects you're going to build with their hard-earned tax dollars and make that case, and if you're smart you under-promise and over-deliver, by the way, they you typically have that support.

But what that also shows is the limits of that local self-help. So when you do have a Los Angeles, when you have entire states raising revenues for their projects and the unreliable partner is now the federal government, that's an equation where I think federalism has fallen on its face, where we have not on the federal side kept our end of the bargain.

And I think that one of the legitimate criticisms of that proposal is that you're double-counting the local contribution in the sense that these are local jurisdictions that have already ponied up. They've already, in many cases, if not most, taken themselves to their debt limits. They've gone out there and actually put the local part forward without a corresponding federal investment.

MR. GRIBBIN: Yes, and so this is a transition to the Gateway question. Because I think your answer presumes that there is a local role and a federal role, and that the federal government is not doing its share, which I understand. But then if you understand that, well, if the federal government to do its share is going to be taking money from communities to then do its share, I'm not sure how that helps the communities that money's taken from.

I see how it helps many of the communities that money goes to, but on the Gateway front, so this was my hostile question on Gateway, why do you think communities around the country with infrastructure needs of their own should send funds to one of the richest regions of our nation to pay for a tunnel that is primarily local in nature and would be delivered on the least efficient tunnel delivery system in the world?

MR. PORCARI: Other than that, you like the project, right? (Laughter)

And I understand that as you were trying to have this national debate that the Gateway Project kept coming up.

MR. GRIBBIN: Kept coming up, like everyone talked about Gateway.

MR. PORCARI: Which is success actually. I'm glad it was tormenting you.

The Gateway Project, for anyone not familiar with it, is -- program or projects, it's replaced a 108-year-old bridge and 108-year-old tunnel that connects New York and New Jersey. What it does in practical terms, it's the only passenger rail tunnel and bridge between Boston and Washington.

So the tunnel, which flooded during Hurricane Sandy and has been in really rough shape every since, the tunnel was carrying passengers while the Titanic was under construction. It was carrying passengers when Orville and Wilbur Wright made the leap from the Model A flyer to the Model B flyer. And it was carrying passengers when the fastest car in America was the Stanley Steamer. And so that is literally a transportation system that, yes, carries commuters into New York. It also carries the Amtrak inner-city passenger rail, the Boston to Washington, the trains to Cincinnati, the trains to Atlanta, the trains to Florida.

And so the Gateway Project, in my mind, is exactly the opposite of what you would see it, which is it is a project of regional and national significance. And that 108-year-old bridge and tunnel are single points of failure for 10 percent of America's GDP. Now, think about it. What nation in the world would allow a single point of failure for 10 percent of their GDP? There's no other rail tunnel out there.

So your question is why would you send a federal check to New York and New Jersey?

MR. GRIBBIN: No, a local check to New York and New Jersey.

MR. PORCARI: And money that's raised from every state and local jurisdiction? For the same reason that New York and New Jersey were highway donor states for all those years and sent checks to all kinds of states to help them pay for their interstate system. For the same reason that New York and New Jersey send a check to the Essential Air Service System, which subsidizes air service to Kalispell, Montana. It's because we're one nation. It's because for our rural states in particular, they'll fall further and further behind if you don't help them.

And you could call it redistribution. You could say that you're just taking local money and recycling it. To that I say, yes, it's "*E pluribus Unum*." We are one nation from many. The transportation system reflects that. It's not even and we have to have federal help for specific projects in specific regions for projects that serve both a local and national purpose to build a system that serves the whole country.

MR. GRIBBIN: All right. I'm going to again exercise incredible discipline right here. We're going to end with that in terms of we had a whole series of agreements, we'd agree, but we spent so much time disagreeing we didn't get to the general agreement part.

But why don't we open it up to questions from the audience? Yes, sir, right here. And people are walking around with microphones, so give us just a second.

MR. PORCARI: And please tell us who you are.

MR. GRIBBIN: And then number two back here. Can you get a microphone to this gentleman?

MR. CHECCO: Yeah, Larry Checco. And I'd just like to -- this is part of Infrastructure Week, I gather.

MR. PORCARI: It is the Infrastructure Week.

MR. GRIBBIN: We've announced our own Infrastructure Week.

MR. CHECCO: But this is part of the problem, quite frankly. We have too much discussion and so little action.

Why didn't we start infrastructure when unemployment was high and interest rates were low? Now unemployment is historically low, interest rates are going up. So me the taxpayer, who gave you my dollar, is going to pay two or three times as much for the same kinds of infrastructure we're talking about, whether it's state or local -- I mean, state or federal.

So, I mean, it's time to act, guys. And I think that's where the frustration with this country is right now. We hear a lot of blather and we see little action, and it's costing us. It's costing us.

MR. PORCARI: It's an excellent point. So the action is at the state and local levels. I think we both agree.

MR. GRIBBIN: I mean, there is action, quite a bit of action.

MR. PORCARI: And I think it's also true that if you magically had a $2 trillion infrastructure program today you couldn't use it effectively. The industry, for example, is not capable on a short-term basis of actually doing that work.

MR. GRIBBIN: Take it and permit it.

MR. PORCARI: And --

MR. GRIBBIN: Get the project to permit it.

MR. PORCARI: Right. The up-front work, the planning, the permitting, which is difficult to talk your governor or your mayor or your county commissioner into because they can't cut a ribbon on the planning part of it and the permitting part of it. You need to build the capacity.

So the larger discussion really needs to be as a nation together, with our local, state, and federal partners together, how do we build that capacity over a 2-, 5-, 7-, 10-year period to where we can actually have an infrastructure program of that magnitude, get good value for money? We haven't even talked about the fact that productivity in the construction industry has lagged productivity nationwide. And so there's a lot of room for innovation, for automation, for new processes. And you get that when you have a consistent and predictable program, which we don't have right now.

So that's not an excuse. I think it's a reflection of the reality.

MR. STOCKMAN: Hi. My name's Jake Stockman. I'm doing demand modeling in Fairfax County right now. My question is about the Federal Highway Trust Fund. You mentioned a lot about local and federal --

SPEAKER: They can't hear you. Hold the mic up.

MR. STOCKMAN: You spoke about federal and local funding. I only briefly heard about user charges or the gas taxes. I'm curious about what your impressions are about the viability of either a national or regionalized user charge system for our interstate highways. Thank you.

MR. GRIBBIN: So I think user charges are a fantastic way to pay for infrastructure. It's how we do our water infrastructure for the most part, right, our electric infrastructure, telecommunications infrastructure. Elements for infrastructure like highways we tend -- historically as (inaudible), we've not charged them. But it is clearly the most efficient, especially given electronic tolling to collect funds for it.

It also, and this area is a great example of it because we have managed lanes, it's also a way to help provide consumers with a congestion-free alternative to move from Point A to Point B by using pricing not only to raise funds, but also to manage demand. So, yeah, I mean, it's a whole -- I think if you start moving should we have a regional system, it gets a little more complicated, a national system even more complicated.

I mean, again, not only is national federal funding not free because it comes from communities, but the federal government imposes on highway literally 99 different restrictions that cost about 25 cents to comply with. So any dollar that comes through here to be reallocated, realize you're going to lose 25 cents of that dollar as it goes back out to whatever project the federal government deems is important.

MR. PORCARI: What I'd add to that is your question's a great illustration of where the innovation is really at the state and local levels. So if you talk about mileage-based user fees, for example, you have both individual states and now consortiums of states working together on pilot programs where you pay by the mile basically for -- rather than a gas tax. It's important from a policy point of view because if one of the important objectives that we share, and hopefully it is, is environmental restoration and dealing with climate change, then the electrification of the fleet is a really important part of it. They don't pay a gas tax.

But mileage-based user fees, I think you'll see as an illustration of exactly what I mentioned in the beginning, which is policy doesn't trickle down from the federal government for the most part. It's local decisions that aggregate it into national policy. I think there's a very good chance that you'll see pay-by-the-mile essentially as something that the states adopt that becomes national policy and is, therefore, politically palatable to Congress because of that.

MR. GRIBBIN: Yeah. And I'll actually disagree with that for a second because the problem is that national policy does drive down. Right? You have national decisions -- and I should take a step back.

I'm all for a federal program. I think the federal program is fine. But I think in order for us to have a well-reasoned conversation about the future of U.S. infrastructure you need to understand the pros and the cons of the federal program. And one of the cons is that the federal program will give John at the Maryland Department of Transportation money for highways, but not transit; or money for highways, but not water or other infrastructure needs that Maryland or communities might have.

So just by assigning money a certain color and saying this money can be used for this purpose, that is a top-down decision that's being driven down. It's not bubbling up. And I think one of the things that we are trying to accomplish is to break down those silos and allow communities to receive federal support without, you know, putting a label on it that this money has to go to the highway and this money has to go to water, so.

MR. PORCARI: That's one place where we actually agree. So, again, as the state DOT secretary in Maryland, to add capacity between Washington and New York, you could add runway and taxiway capacity and it was by formula that it was 90 percent paid by the federal government. You could have highway capacity between Washington and New York, 80 percent paid for by the federal government by formula. If you wanted to add to the Northeast Corridor passenger rail, zero. It's not only no formula money, there's no program. If you wanted to do commuter rail, likewise.

So where we actually agree is the present program can and does distort your priorities. So what are you going to do in that scenario? You're going to actually add to the overcrowded airspace between New York and Washington. So that does happen.

What we need is an agreement to, first of all, system preservation, the first dollar, federal, local, or any other place, should go to maintain what we have. Above that, I really believe it should be what I think of modally agnostic. Let the local decisions drive it. It may be commuter rail, it may be highways, it could be anything. It's most likely to be a combination of those. But those dollars should be flexible. They're not now.

And if you think it's impossible to change, remember it was Ronald Reagan that added the transit program to the Highway Trust Fund, so it is possible.

MR. GRIBBIN: Okay, another question. Alastair up here. Just stand up so they can --

MR. SOWERS: Hi, there. Alastair Sowers, transportation procurement advisor.

My question is more related to specifics of how each mile is priced because, obviously, a mile is different depending what time that mile is driven. So I'm wondering how the two different parties would view tolling, which, of course, does have that time-based element, especially when managed lane-side. And bearing in mind that some states, Republicans hate tolling, some states Democrats hate tolling. So I just wondered on your views on that.

MR. GRIBBIN: I think everyone hates tolling. (Laughter) Like no one wants to pay for anything. That's part of the challenge.

I think you see -- I will fault the Republicans. I'll do John's job for him. I'll fault the Republicans for not having a clear vision of how they'd pay for infrastructure. They tend oppose tolling, oppose gas taxes, oppose user fees.

Now, kudos to Governor Ivey in Alabama, who just passed a gas tax increase. Governor DeWine of Ohio is proposing one, as well. So I think you're starting to see the partisan part of it drop, break away.

The benefit of tolling, it does give us a new way that's more efficient and, as John mentioned, applies to non-fossil fuel-burning cars and vehicles, so that's helpful. But it's just getting people to pay for it is hard.

And what complicates it is this view that someone else will do it, which, again, is why I kind of keep beating on this drum of, guys, if the federal government's paying for it, it's taking money from you. It's not, you know, coming magically from somewhere else. So I think once communities accept this, and you saw this recently in the Bay Area, that they're going to need to be responsible for their own infrastructure, it's great.

I mean, you think about John talked about the federal responsibility for Gateway. If you look at the Hampton Roads Bridge Tunnel in Southeastern Virginia, it is a tunnel that accesses the largest naval base the U.S. has. It provides emergency flood relief in case of hurricanes. There's lots of federal interest in that facility. Virginia asked for zero federal dollars. Oh, and what are they doing? They're actually building it now. So they're not arguing over who should pay for it. They're executing it.

Now, I think Gateway has a legitimate argument. There is a federal interest there. I don't think it's 50 percent. But the point is how long is that region going to wait for other people's money with this incredibly important asset? Just how long is it going to go? It's been 24 years and we're counting. Or are they going to do what Virginia did and say, listen, we need to take the initiative. We need to move forward. We have the resources in this community to do most of this work. Let's have the federal government partner, but let's take the lead.

MR. PORCARI: And Alastair, back to your tolling question. I think it has a place. It's not a cure-all, but it's a really important part of congestion pricing, for example.

If you take it to its extreme, and I think you see it in Dallas right now, so you have the Texas legislature that said no more toll roads.

MR. GRIBBIN: Yeah.

MR. PORCARI: Because it literally strangled the city on every side with toll facilities. So it's part of a balanced strategy. It has its place. I think where you really get into a lack of political will is when you're proposing to take existing general purpose lanes out of service and toll them. That's kind of the third rail that nobody wants to step on.

MR. GRIBBIN: Very financially efficient, but yes. Dick?

MR. MUDGE: Hi. I'm Dick Mudge from Compass Transportation and Technology. I've got one fact-check and one question.

When you were both talking about what the federal government does, no one mentioned the inland waterways and the Corps of Engineers, which is the national system.

In terms of a question, when I look at the history of transportation in the U.S., the things that have been large enough to change the economy in a positive way are things like the interstate highway system, transcontinental railroad, large-scale multistate projects. And I worry that I don't see the programs -- our programs are designed to do that. Everybody on the highway side debates donor/donee. Not are they good projects, but I get my share back.

And let me, you know, pile on to Gateway as a good example. Gateway by itself is great for New Jersey commuters. If you really believe that it is part of the national network, let's figure out a way to do -- rebuild it from D.C. to Boston, build a tunnel under Baltimore, redo the Susquehanna River Bridge, maybe go down to Richmond. But I don't hear people talking about that. They focus on just one segment of it. And if that's all we do, I see no federal role.

MR. PORCARI: Dick, it's a great point. And just going back to Gateway for a second, I think of it as triage. You're absolutely right that it's a Corridor project. And, in fact, the Corridor should extend down to Richmond and beyond. But it's triage and what you have to do is, first, avoid the calamity of a single point of failure for 10 percent of America's GDP.

The inland waterways, I actually had that in my notes and neglected to mention it. If you think about one of America's most important exports, it's agricultural. The cost advantage is through a lot of efficiencies on the farmers themselves. It's also through shipping, and we are losing that.

So if you look at the Ohio, the Missouri, the Mississippi, the locks and dams that we built 70, 80, 90 years ago can actually no longer adequately serve the commerce part of that need or the flood control part of it. At DOT, we had a yearly exchange with our counterparts from China. I took the vice minister to St. Louis and showed him our newest lock and dam north of St. Louis. He was very polite about it, but it was older than his oldest one. That was our newest on.

And so there are absolutely national investments the equivalent of the modern-day transcontinental railroad that we need to do. What we have not done is have the discussion to build a consensus to do that.

And by the way, we haven't really talked public versus private here, and I will say there's a role for both and it varies from project to project. But what we actually need to do is start with a vision from an economic development, from a climate change, from a community revitalization perspective, on what we want to be for the next generation or two or three.

MR. GRIBBIN: Let's do a last question. Yes, ma'am.

MS. WILLIAMS: Thank you. I'm Teresa Williams. I'm a science policy fellow working in the House on the Energy and Commerce Committee.

And I wanted to hear your perspective on the federal role in dealing with infrastructure when it comes to dealing with climate change. Talking about the aviation system and our national highways, we also are all breathing the same air and eventually we'll all have to deal with what's happening as our climate continues to change. So when it comes to electrification of transportation, for example, how do you see a federal policy filling in with that?

MR. GRIBBIN: Yeah, that's an excellent question to close on because that might be where John and I are closer. Because, obviously, climate is not just a federal, but a global factor that we need to consider in as we do transportation policy in particular. Infrastructure has a huge impact in terms of the amount of fossil fuels it consumes and the amount, if you think of concrete, just the amount of energy that's taken to develop those products. So having some type of vision makes sense.

Now, how extensive that is we might differ on. But, no, I think the federal government's role should be to look at things that benefit our entire country. So if you think about, I mean, air traffic is easy, right? Because you can't have every community have its own air traffic rules.

And the interstate is even a better example because what we did is we went out and we said to every American we're going to develop a product, we're going to deliver this product that benefits all of you, and we're going to tax all of you for that product. And then we did it. And the challenge we have now in terms of the federal role is there's not that next great federal vision where the federal government should be involved because state and local governments can't do it. But I think climate change is absolutely something that should be part of that conversation.

MR. PORCARI: It should be part of the conversation. It should, to some extent, drive the conversation I think. So we're working with local and state jurisdictions around the country right now that in the absence of any federal policy, and because you can't even say the term "climate change" at the federal government level without risking your job right now, they're taking matters into their own hands. And so they're doing things as basic as rewriting highway design manuals to accommodate climate change.

On the more sophisticated side, they're rethinking their storm water management strategies, their urban greenspace and water quality strategies. I think that is a perfect example of going forward where it really needs to be a federal-state-local partnership where that federalism can actually play itself out in a different way.

Now, D.J. doesn't like the federal bureaucracy part of it, but I would say I remind you that the Clean Air Act requirements which have driven a lot of our surface transportation decision-making, this entire country would look like Los Angeles did in 1968 if we had not done that. And so we've made some remarkable strides.

Yes, there's a cost to that. And I think you can actually calculate the benefit and the cost of that pretty carefully. But that is exactly where federal policy needs to help private. Without a unified, whole-of-government approach, you're not actually going to get to those larger policy goals. So I will tell you, that's where I am philosophically.

MR. GRIBBIN: Yeah. And so I'm going to change the format on the fly here and give each of us a couple minutes to rebut the other. And I will give John the last word. But there are two themes I've heard come from him that I strongly disagree with.

One is going back to the '50s and '60s. I'm the conservative. I should be the one saying we should harken back to the '50s and '60s. When it comes to the highway system and Clean Air Act, I mean, those were huge successes and that's great, but our country's changed and our needs have changed, and so we need to think more about what is the 21st century need? Maybe broadband as opposed to an interstate highway system.

And the second is, and I got a lot of this at the White House, people would show up and say you don't understand how important this project is. It will create this many jobs, create this much economic growth, and do this and this and this. I had a group of people who came in who wanted to do a port project in Georgia, and said it's a 7-to-1 return. For every dollar you invest, you get $7 back. I said you're in the wrong city. You should be in New York. Right? There's an unlimited amount of private equity that would invest in a 7-to-1 return. But the reason they were saying this was because it wasn't a real 7-to-1 return.

And it reminds me of when my son, my youngest son was about five. And we were in Target and he picked this Nerf gun off the shelf. And our kids, I have seven kids, they used to have Nerf wars, so you can imagine, it was pretty hilarious. They're just shooting and running around the house. And he's like, Dad, I want to get this toy. It is the greatest toy ever. Right? I'll spend more time with my siblings, I'll get exercise. I mean, literally, he had as a father the best argument. Right? Fantastic pitch for this gun. He said can I get it?

I said of course you can out of your account. I keep accounts for all of them for money. And so he looked at me and looked at the gun, looked at me, put the gun back on the shelf and walked away. And I think sometimes we get so focused on advocating for a project that we forget the fact that resources are scarce, right, and there are competing priorities. I mean, currently we're competing against education and defense and healthcare. But we need to focus more on what is that cost-benefit analysis and who's best positioned as opposed to just having a strong pitch for, my gosh, we need to spend resources on this without talking about where those resources are coming from and without telling the people who are going to provide those resources to do so.

MR. PORCARI: D.J., with all due respect, I think you're defining a problem that largely doesn't exist. So when you talk about hard choices, and having been at the state and local level and having to make those hard choices, you have jurisdictions that could get that 80 percent federal formula money for highways and instead are saying transit makes sense. So they're starting off with zero federal money and they're starting with the local share.

And if you know how transit works, it's a defined pot of money nationwide that everybody competes for, so it's a race to the bottom. If you want to compete successfully, instead of a 50 percent federal share, which you'll never get, you might say 40 or 30. There are some that are 20 percent federal funds.

The point is these are jurisdictions that are making choices even though the price signal to them of federal funding should say go do more on the highway side. They're saying our future needs to be different even if we're going to end up 80 percent local funding or 70 percent local funding. To me that's a very strong signal that we need a different system that's modally agnostic, that can actually let the local jurisdictions make those decisions. And once they maintain the system they have, and that's a baseline, make their own local decisions on where they want to invest the money.

We haven't talked about fuel economy standards, café standards. First of all, what we're actually heading for is the balkanization of fuel standards. To the auto industry I'd say be careful what you ask for. And the relief that they asked for is coming back to haunt them. Because you have California and 13 other states that together are going to keep the same standards and the auto manufacturers are not going to have to build two different kinds of vehicles. And without federal café standard, we'd never get to the fuel economy improvements that we need for the environment.

So that's actually a combination of DOT and EPA, but I would argue that is an example where if it's not federally driven, it will not happen.

MR. GRIBBIN: Fantastic. All right. Adie is going to come up and close us. And thank you guys for your time and attention. And thank you, Adie, for wrapping this up for us.

MR. TOMER: Yeah, absolutely. I had some weird déjà vu's back to that speech and debate in high school, so you all were real troopers to do that yourselves. (Laughter)

You know, I'm not going to ask everyone who you thought won the debate. We can gather that by who you go up and talk to after it. So think wisely before you just --

MR. PORCARI: Wait, he gave them money. (Laughter)

MR. TOMER: Oh, but he asked for it back. Now I know what your kids deal with their allowance.

Listen, first of all, thank all of you for taking the time on a busy Tuesday morning for spending it with us here. Thank you to both of you for taking the time to talk it through.

You know, there's a lot of stuff we heard agreement on, right? Permitting reform, which I think is a bugaboo in national conversation, there's no agreement; that was clear. The need to modernize facilities I thought was really clear. But then third, and this gets to one of Amy's opening questions, actually very little of the political discourse and partisanship came into your conversation. So that wasn't where there was disagreement.

What resonated the most to me was in -- I'm not trying to be cute here, but it was, frankly, what I didn't hear, which is how do we -- but you all kind of nibbled around it. And, frankly, thank you to all of you for your questions because you'll see each of you got after this, was, well, how do we actually set up that new vision? Right? And I think you said it well, John, kind of ticking through economy, society, and environment, kind of the traditional three legs of the stool. Amy did it in her introductory remarks. I think that's, frankly, still where we are as a country. What do we want this infrastructure system to actually deliver?

You know, on the transportation side, what does it mean to physically connect people to opportunity? Who's responsible for paying for that?

What does it mean when people do not have safe drinking water in their homes and clean water outside of it? And many communities that have some of the oldest facilities cannot afford to rebuild them, right, especially in the industrial Midwest. Right? How do we grapple with that?

What do we do, to D.J.'s point about building a 21st century economy, when we have tens of millions of households without either a wireline broadband subscription in their home or a wireless subscription when they're on the go? That is a recipe across all three of those factors for a country that will not be competitive through the rest of this century.

So until we start hearing that conversation, and that wasn't your responsibility here today, right, then we are going to have real problems setting an agenda for the future. As many of you know, many of you even in this room report on it, right, too often the national conversation boils down to finding money and shoveling it through the same infrastructure frameworks we have.

So my biggest takeaway, and I think you both kind of ended on this in a way, is how do we start with a blank slate and rethink actual infrastructure policy for the future? Because that's clearly where our fault lines can melt away and we can actually set up a system that builds us for a more competitive future through the rest of this century.

So thank you again for all of you for taking the time to be here today. The gentlemen will be up here for a little bit to be able to -- or come down, I suppose, but to be able to speak with each of you. But again, have a great rest of your day. Thanks.

(Applause)

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