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**Subject:** Building a Stronger America | March 8th Infrastructure Update

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Good Afternoon State Leaders,

President Donald J. Trump and his Administration aim to build a stronger America. Below is an update of the Trump Administration's recent efforts to improve our nation's infrastructure.

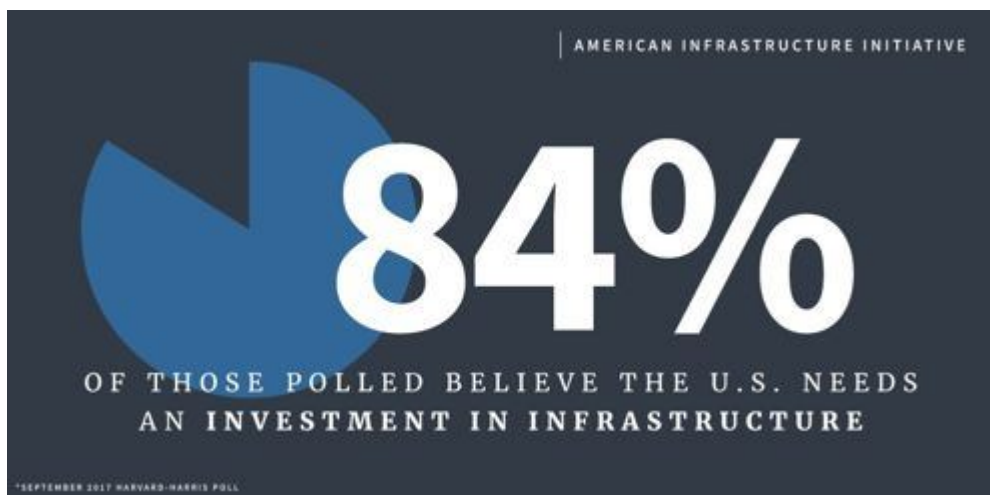
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"While traditional transportation needs like roads, bridges, mass transit, railroads, waterways and airports are a major part of the proposal, the Trump plan also includes support for broadband internet, water and power systems, public lands, and veterans hospitals[.]"

*Oklahoma Gov. Mary Fallin and Oklahoma Secretary of Transportation Mike Patterson*

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## OKLAHOMA GOV. FALLIN OP-ED | Trump's Infrastructure Plan Brings Needed Attention for Improvements

*By Oklahoma Gov. Mary Fallin and Oklahoma Secretary of Transportation Mike Patterson – Tulsa World*

Infrastructure improvement is a priority issue because of its direct impact on economic growth and stability as well as the safety and well-being of our citizens. As governor and as Oklahoma's secretary of transportation, we support the Trump administration's infrastructure proposal for starting the dialogue about the need for these improvements.

The proposal calls for \$200 billion in federal spending nationwide to help generate at least \$1.5 trillion in new investment from state, local and private sources. This plan will allow Oklahoma to continue to prioritize infrastructure projects.

In 2011, at the beginning of the Fallin administration, 706 of Oklahoma's 6,800 highway bridges were rated structurally deficient. That number will be reduced to 187 at the end of 2017, with the remaining structurally deficient bridges programmed in the Oklahoma Department of Transportation's eight-year construction work plan to be addressed by the end of the decade.

While traditional transportation needs like roads, bridges, mass transit, railroads, waterways and airports are a major part of the proposal, the Trump plan also includes support for broadband internet, water and power systems, public lands, and veterans hospitals, which are valuable pieces of the nation's infrastructure system used by Oklahomans every day.

One highlight of the Trump administration's plan that will benefit states like Oklahoma is that 25 percent of the direct federal funding, about \$50 billion, will be set aside for rural projects in cities and towns with a population of 50,000 or less. This will give our state a better opportunity to prioritize rural communities' needs, and make the state eligible to compete for federal grants to help fund major projects. We look forward to the opportunity to compete for these grants, especially upgrades to major travel and trucking corridors like Interstates 35 and 40 and U.S. 69, and improvements to our inland ports and waterway transportation system in eastern Oklahoma.

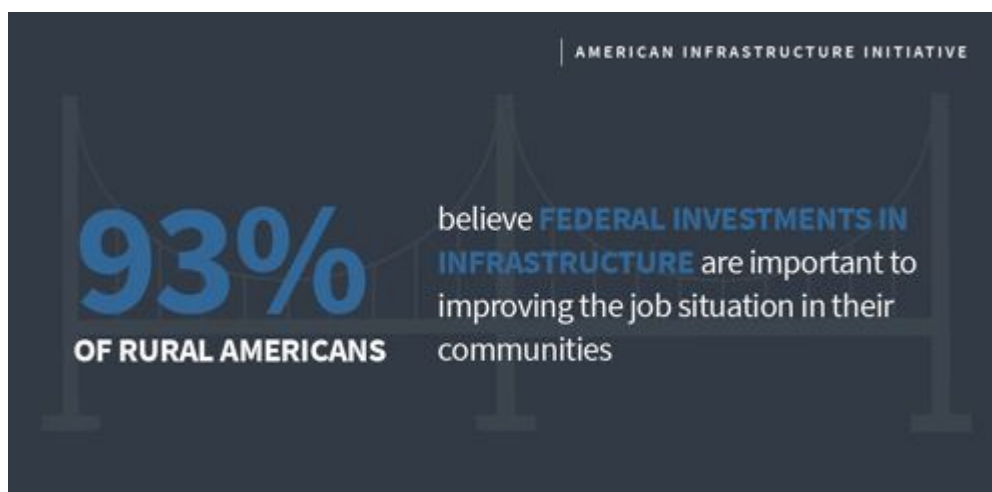
The proposal also includes major regulatory reforms to help expedite the project review and permitting process, which will help get projects approved and under construction much quicker.

A good transportation system helps students get to school and supports our economy by allowing farmers to get their crops to market and the energy industry to move equipment and products across the state. Infrastructure improvements can help spur new economic opportunities. Recent partnerships between ODOT, tribal governments and private industries to construct new interstate interchanges in Thackerville and El Reno improved access and attracted additional investment to these areas.

Again, Oklahoma has put additional resources toward upgrading the state's infrastructure. Oklahoma's transportation system has greatly improved in the last seven years, thanks to additional, dedicated state funding prioritized by the Fallin administration and the Legislature. For decades, Oklahoma relied entirely on federal funds for its highway

construction program. Today, ODOT's eight-year plan is more evenly balanced with federal and state funds.

Our state is in a great position to take advantage of the federal funding made available in the administration's proposal to continue to make critical transportation improvements. There is a bipartisan consensus that something must be done to address our nation's infrastructure system, and that it must start with a strong commitment from the federal government. We commend the Trump administration for its efforts to reinvest in the nation's infrastructure so that it will continue to meet the demands of our country's 21st century trade and commerce.



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#### ECONOMIC REPORT OF THE PRESIDENT | Labor Market Effects of Increased Infrastructure Investment

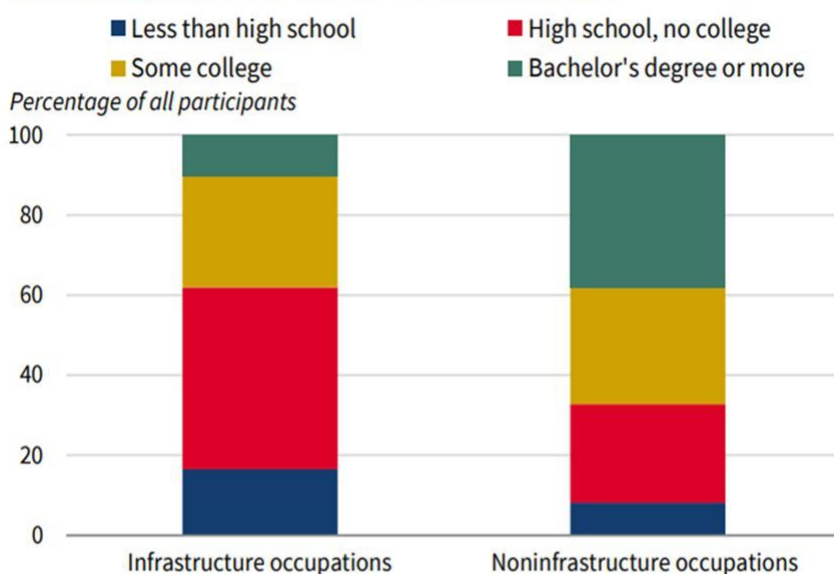
In addition to raising U.S. productivity and competitiveness, a boost to infrastructure spending may increase demand for the workers needed to build and construct these new public assets. Although it is difficult to predict the net employment impact of increased infrastructure investment, a demand shift to selected occupations may benefit workers in those fields. We term the set of 31 occupations that are most likely to experience an increase in demand “infrastructure occupations”; these occupations account for more than 1 percent of employment in at least one infrastructure-related industry's total private wage and salary employment (as defined in the note to figure 4-i). These occupations include workers who design and carry out infrastructure projects, including engineers, pipefitters, construction laborers, and the like. But it also includes transportation and warehousing occupations, along with workers in installation, maintenance, and repair occupations.

Workers in these occupations are far more likely to have a high school degree or less than the overall U.S. labor force as shown in figure 4-i. The unemployment rate for workers is strongly correlated with educational attainment, and even in the current economic expansion, workers with fewer years of education are disproportionately likely to find themselves unemployed. As of December 2017, workers with a high school degree or less had an unemployment rate 2.6 percentage points higher than those with a bachelor's degree—4.7 and 2.1 percent, respectively. Our estimates of the unemployment rate for workers who report an infrastructure occupation indicates an even greater disparity; in the Current Population Survey, 6.1 percent of labor force participants who report an infrastructure occupation reported being unemployed in 2017, reflecting an excess supply of nearly 350,000 infrastructure workers relative to the unemployment rate for workers in noninfrastructure occupations.

Despite this excess supply, the geographic footprint and skill needs of expanded infrastructure investments are unlikely to perfectly match those of currently unemployed infrastructure workers, and the Federal government could take an active role in easing the transition of workers into infrastructure employment. One impediment to the free movement of skilled workers into new infrastructure jobs is the country's patchwork set of occupational licensing requirements, which depress the movement of licensed workers across State lines (Johnson and Kleiner 2017). In 2016, 22.2 percent of all labor force participants reporting an infrastructure occupation in the Current Population Survey said they had an active professional license or certification; this is slightly fewer than the average for all participants (24.4 percent) but substantially more than would be expected—given the education distribution across infrastructure occupations, because the probability of occupational licensing increases with educational attainment. Tying infrastructure funds to the loosening of occupational licensing (or to reciprocal agreements between States) could help alleviate the depressive effects of these licenses on geographic mobility. This topic is discussed in greater detail in chapter 2.

Furthermore, the Federal government has additional tools to ensure a skilled workforce for expanded infrastructure activity. One clear disconnect between the needs of the labor market and the supply of America's workforce is the current subsidization of higher education through Pell Grants. These grants, which are generally only available to students without a bachelor's degree and who are enrolled in programs with more than 600 clock hours of instruction over 15 weeks, do not provide support to workers who require shorter-term investments. Workforce Innovation and Opportunity Act funds could be used for these short-term programs, but funds from this program are not dedicated to this purpose and are therefore subject to competing priorities. Although it would require Congressional approval, expanding Pell Grant eligibility to include investments in short-term training (or retraining) programs would help ensure that financial constraints do not prevent workers from pursuing infrastructure occupations. [Full Report found here.](#)

**Figure 4-i. Educational Attainment of Infrastructure versus Noninfrastructure Labor Force Participants, 2017**



Sources: Current Population Survey; CEA calculations.

Note: The 4-digit North American Industry Classification System (NAICS) codes, defined as infrastructure industries, include civil engineering construction (all sectors falling under NAICS 3-digit code 237000); other specialty trade contractors (NAICS code 238900); and remediation and other waste management services (NAICS code 562900). Infrastructure occupations are those that make up at least 1 percent of employment in one of these 4-digit sectors.

## DEPARTMENT OF TRANSPORTATION RELEASES BOOKLET | President's Initiative for Rebuilding Infrastructure in America

This week, U.S. Department of Transportation Secretary Chao released the *President's Initiative for Rebuilding Infrastructure in America*. This 68 page document will provide you further details on the President's infrastructure proposal.

- Part I. The Infrastructure Problem describes the challenges facing our transportation system;
- Part II. The Infrastructure Plan defines the key components of the Administration's Infrastructure Plan for transportation;
- Part III. Provisions for Infrastructure Improvements provides additional information on reforms proposed for Federal highways, transit, rail, aviation, and maritime programs;
- Part IV. Permitting Reform describes the Administration's proposed approach to reforming the environmental review and permitting process; and
- Part V. The Path Forward lays out the Administration's vision for infrastructure.

[Full Booklet found here.](#)

## STREAMLINING | President's Infrastructure Proposal Creates One Federal Decision for Permitting



## The environmental review process must be streamlined and clarified.

The average time frame to complete an environmental impact statement (EIS) is **between 4.6 and 5.1 years**, and the full environmental review process on complex projects can exceed **10 years**.

Source: GAO, National Association of Environmental Professionals, and Philip K. Howard.

"Historically, environmental permitting has been managed on an agency-by-agency basis. For this reason, there is no single voice among Federal Government agencies regarding environmental review and permitting. Project proponents or agencies must work with a potentially large number of Federal agencies— without a clear roadmap—to complete a single project. Additionally, when agencies are not in agreement with each other, efforts to resolve issues often take time or are not successful without high-level intervention. Project sponsors may find themselves in situations where opposing decisions have been made, and thus be forced to mediate the situation with multiple agencies. These undue burdens placed on local and State governments, as well as private applicants, must be addressed in order to create a truly streamlined process. In response to these challenges, the Administration has developed through its EO a "One Federal Decision" framework that is consistent with other model processes established to streamline NEPA." [Additional Information on One Federal Decision found here on page 48.](#)



### [PRESIDENT TRUMP REMARKS](#) | Latino Coalition Legislative Summit

"I've asked Congress to pass a bill that generates \$1.5 trillion on infrastructure and cuts the permitting process from 10 years down to 2 years, or even less. After years of rebuilding other countries -- and we have built a lot of countries -- it's time to start building our country again." – *President Donald J. Trump Remarks at the Latino Coalition Legislative Summit in Washington, DC on March 7, 2018.*



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**AASHTO WASHINGTON BRIEFING** | Remarks from DJ Gribbin, Special Assistant to the President for Infrastructure Policy

*American Association of State Highway and Transportation Officials (AASHTO) Washington Briefing*

“While the details of a legislative plan undoubtedly will be debated at length over the coming weeks and months, we can all agree that we need to find a solution that will provide safe, strong, and reliable infrastructure for the American people. No one knows this better than all of you who have a front-line view of the transportation infrastructure needs throughout the country.”

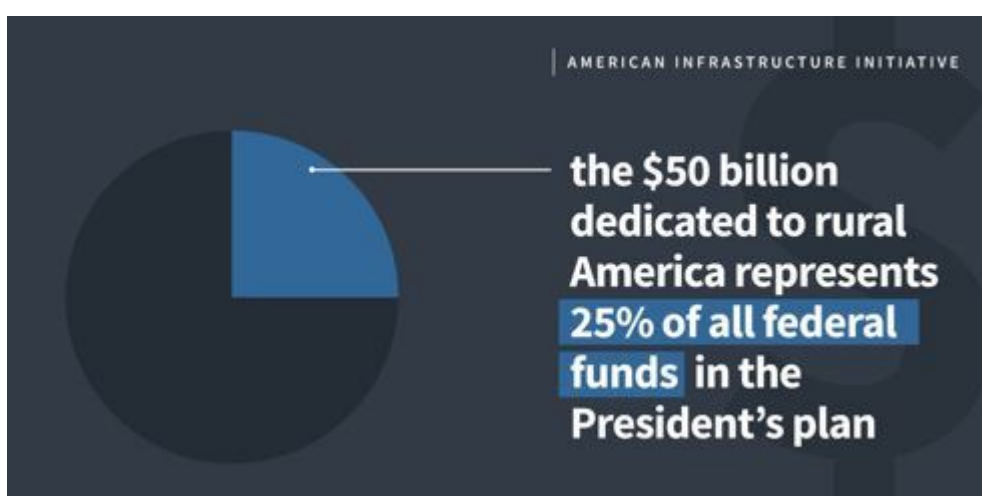
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“In developing the plan, Administration officials had hundreds of conversations with State and local officials in 2017 to gather important perspectives. On February 12, 8 Governors of both parties participated in the President’s infrastructure rollout event. This past Monday, the White House team hosted two breakout sessions with nearly 20 of the nation’s Governors who appreciated our focus on infrastructure and our approach to empowering State and local leaders.”

...

“The permitting process takes too long, is redundant, increases costs, and creates uncertainty. We can’t apply a second-rate process if we want to build the world’s best infrastructure.”

[DJ Gribbin’s full remarks can be found here.](#)



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**WHAT YOU NEED TO KNOW** | Issues with the Penn-Wharton Budget Model

Analyzing the Penn-Wharton Budget Model’s estimates of the growth effects from the President’s infrastructure plan,

CEA finds that the report is an unsuitable tool for estimating the new investment in infrastructure the President's plan will generate. The Penn-Wharton Budget Model is flawed in at least two critical respects

First, the authors do not model the Administration's actual infrastructure proposal.

Second, as can be the case with models, input matters: the authors' choice of parameter values is outdated and effectively guarantees a priori a result that understates the likely impact of the Administration's infrastructure proposal on growth – and would do so even if they modeled the Administration's actual infrastructure proposal.

[Read More Information Here.](#)



*"We will build gleaming new roads, bridges, highways, railways, and waterways all across our land. And we will do it with American heart, and American hands, and American grit."*  
– President Donald J. Trump

Please let us know if you have any questions.

Thanks,  
Nic

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White House Office of Intergovernmental Affairs