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To:
Date: 3/19/2018 5:30:02 PM
Subject: Building a Stronger America | March 19th Infrastructure Update

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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"Building and maintaining our infrastructure is critically important to maintaining our state's strong position in a global economy, and I am grateful for President Trump's leadership."

WHY & WHY | What You Need To Know About Infrastructure Funding

WHAT: The Federal Government provides important infrastructure funding but often does so in an inefficient way and with numerous restrictions.

The Federal Government funds around 20 percent of total infrastructure investment, not the 80 percent some critics claim. The level of Federal infrastructure investment varies by sector. For example, Federal funding accounts for 28 percent of highway investment and 4 percent of water infrastructure investment, when you consider capital, operations, and maintenance costs.

Federal revenues depend on taxpayers at the state and local level, yet Federal infrastructure funding is too often directed by Washington's priorities. When Federal funding does eventually make its way back to the State and local level it comes with numerous strings attached. Federal highway funding alone comes with 99 rules and requirements.

Federal impediments to infrastructure improvements remain despite the fact that State and local governments own the vast majority of all governmental infrastructure.

WHY: The President's infrastructure proposal maintains the traditional balance of Federal and non-Federal funding, while investing in a way that stretches every dollar and delivers on local needs.

President Trump's proposal for rebuilding infrastructure in America is in line with the traditional balance of Federal, State, and local infrastructure investment. The President's proposal will keep existing Federal funding in place, including for the Highway Trust Fund. It will provide new funding that stretches each taxpayer dollar and increases overall investment for a net economic benefit to the Nation.

Half of all Federal funds in the proposal will go to an Incentives Program. The Incentives Program will provide grants to State and local applicants to promote new infrastructure investment. Coupled with divestiture of Federal assets that are more appropriately owned by the State, local, or private entities, this system will keep infrastructure funding decisions out of the D.C. bureaucracy and in State and local hands.

President Trump's proposal will ultimately result in significantly more investments to repair and modernize American infrastructure.



BIPARTISAN POLICY CENTER | We Built the Panama Canal. Surely We Can Fix Infrastructure (*Roll Call*)
Trump's proposal gets it just about right

Few issues have been free of partisan wrangling of late, and few occasions have inspired unified feelings of greatness

in our country. Yet the public and private sectors together have an opportunity with infrastructure to chart a different course and seed the path for the next great American moment.

The past 100 years brought some remarkable triumphs in infrastructure. Railroads linked our vast nation. The Panama Canal twice transformed global commerce. The telegraph became broadband. Just last month, we watched powerful booster rockets launch toward space and land safely again to lay the groundwork for the next mission of exploration.

Americans are still driven to innovate — but our progress on things like driverless cars, smart grids and next-generation aircraft is outpacing our increasingly outdated infrastructure.

Elected members of both political parties often hear from constituents that better-performing infrastructure in their communities means a better economy and quality of life — higher home values, manageable commutes, safe water, reliable power, stronger small businesses and more jobs.

A forward-looking investment in our nation's infrastructure would take what is becoming a strong headwind and turn it into a boost for jobs and productivity long into the future.

Fortunately, the makings of a large-scale, bipartisan initiative to upgrade America's infrastructure have been on the table since President Donald Trump took office. The president made infrastructure a signature feature of his campaign — running as a great dealmaker and builder — and Democratic leaders have long been on record that infrastructure is a top priority.

Now, with the Trump administration's proposal in hand, both sides should commit to seeing a bipartisan solution become reality.

As co-chair of the Bipartisan Policy Center's Executive Council on Infrastructure, I have worked with a dozen other private sector executives to develop insights to help policymakers modernize U.S. infrastructure.

We are increasingly convinced that a winning, bipartisan deal for the American people must include robust public funding, regulatory streamlining, targeted support for rural communities and a fundamentally new approach that ensures the most efficient use of limited public resources while opening up opportunities for private-sector investment and innovation.

Importantly, the administration's plan addresses each of these priorities.

Finding additional revenue: First, the administration has proposed to incentivize new local revenue with the goal of increasing overall investment across the country. There will be debate over his particular approach, but we should applaud the president for confronting this need and for encouraging fresh perspectives on the many ways to pay for it, including through partnerships with the private sector.

Also significant is the administration's commitment to addressing traditional federal responsibilities like the Highway Trust Fund.

Permitting: On permitting, both Congress and the administration already deserve credit for their efforts. Congress made headway in previous highway reauthorization bills, and the president established the "One Federal Decision" framework — and hopefully the accountability needed to bring the process down to two years without undermining environmental concerns.

Now they should work to finish these existing reforms and entrench them for future administrations.

Rural communities: The president is right to provide targeted funding for America's rural infrastructure, which could fall even farther behind as technology advances. To level the playing field, our council has recommended helping smaller communities bundle their projects to attract private capital and place rural liaisons at federal agencies.

Modernize the way we build: Not everyone has noted the most revolutionary part of the president's plan: its

emphasis on long-term operations and maintenance as well as procurement policies.

Too few state and local governments know what assets they have or what resources those will demand. And when a new asset is built, they typically fail to address the costs of maintaining it over its life.

This makes prioritization impossible, contributes to a deferred maintenance crisis and ignores the extraordinary financial risk to taxpayers.

Any final infrastructure package will need to help these governments adopt a new forward-looking model, one that emphasizes long-term thinking and taps private sector expertise when it makes sense.

An American moment

This is a watershed moment, born of necessity. With the right leadership, we can find a solution for the good of our communities, jobs and sustained growth in this country.

Trump's proposal is a positive step. Now he must commit personally to getting this done, and Congress must step up as well. There are many voices still to be heard, but the makings of a deal are there.

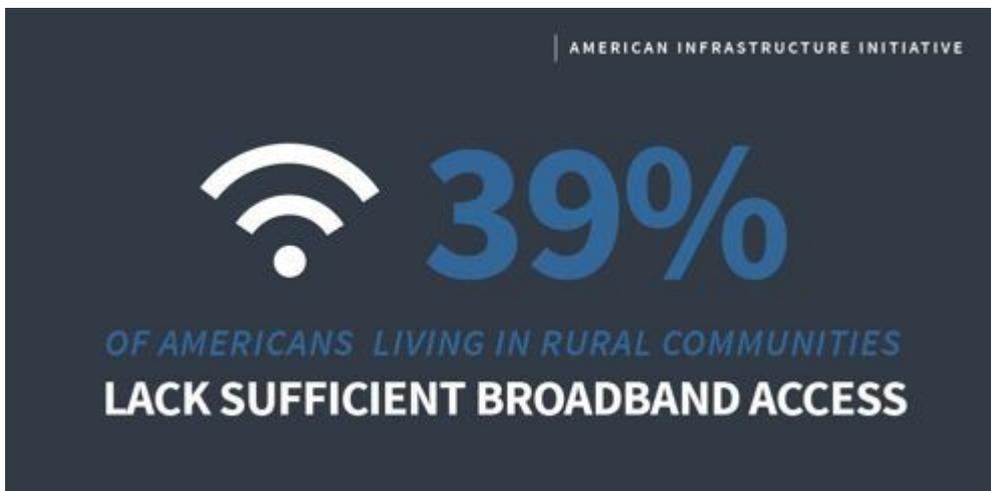
Doug Peterson is president and chief executive officer of S&P Global and serves as co-chair of BPC's Executive Council on Infrastructure.



SOUTH CAROLINA | Governor Henry McMaster Hosts Talk on President Trump's Infrastructure Plan

[Gov. McMaster Hosts Talk on President Trump's Infrastructure Plan \(WCSC/WIS\)](#)

"If and when President Trump's infrastructure plan becomes law, South Carolina is going to be one of the first states to submit a cohesive plan that addresses our needs in a way that will benefit as many South Carolinians as possible," McMaster said. "Building and maintaining our infrastructure is critically important to maintaining our state's strong position in a global economy, and I am grateful for President Trump's leadership."



RURAL PROSPERITY | USDA Invests \$276 Million in Rural Electric Infrastructure

On March 13, USDA announced a \$276 million investment in rural electric infrastructure spurring growth in 12 states (Colorado, Georgia, Indiana, Iowa, Kentucky, Louisiana, Maine, Minnesota, Missouri, North Dakota, Ohio and Virginia).

U.S. Secretary of Agriculture Sonny Perdue announced today the U.S. Department of Agriculture (USDA) is [investing \\$276 million in rural electric infrastructure](#) (PDF, 60 KB) to improve system efficiency and reliability. This announcement comes the day before Secretary Perdue is set to testify alongside Secretaries Wilbur Ross, Alexander Acosta, Elaine Chao and Rick Perry at a [Senate Committee on Commerce, Science and Transportation](#) hearing focused on rebuilding American infrastructure.

“Investing in our nation’s electric infrastructure is fundamental for rural economic growth,” Secretary Perdue said. “USDA’s longstanding partnerships with rural electric cooperatives help ensure that rural areas have affordable, reliable electric service. These investments also increase efficiency and productivity for businesses and residents, and support the quality of life in rural America.”

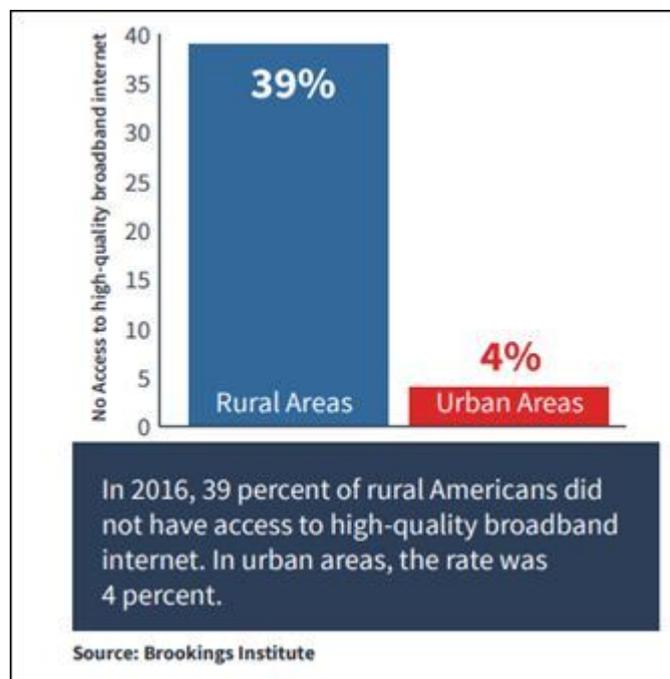
USDA’s \$276 million investment will build nearly 1,000 miles of line and improve 733 miles of line to meet current and future needs of rural businesses and residents. It will also support \$65 million in smart grid technologies to help rural electric utilities reduce outages and integrate new systems.

Smart grid includes technological enhancements such as metering, substation automation, computer applications, two-way communications and geospatial information systems.

[Read full press release.](#)

BROADBAND | President’s Initiative for Rebuilding Infrastructure in Rural America

Last week, the 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. Below is an excerpt from the booklet on rural infrastructure and broadband. [Full Booklet found here.](#)



Rural Infrastructure

The Nation relies on rural America for food, water, and other natural resources that fuel our economic growth. Rural areas are also home to many of our most treasured National Parks and recreation areas. Many of the core rural industries, including forestry, farming, fishing, energy, and mining, as well as manufacturing, are freight-intensive and their success depends on a robust rural transportation system of roads, bridges, railroads, and airports.

A strong rural transportation system is essential for connecting rural America to markets and jobs, reducing the costs of freight, increasing tourism, and supporting local businesses and economic growth. However, our rural transportation system lacks adequate capacity and safety features and many facilities have fallen into disrepair. Underinvestment in infrastructure has impeded economic recovery in rural areas and has left many Americans facing growing economic hardship and isolation. Current Federal infrastructure funding programs and diminished State, county, and local resources are not enough to address infrastructure needs.

To address rural infrastructure issues, the Administration proposes establishing a rural infrastructure program to make \$50 billion available for capital projects that address unmet infrastructure needs in rural areas.

Rural communities have higher unemployment and poverty rates and lower median incomes than urban areas. While urban areas, in general, have recovered from the economic recession, rural area employment levels continue to lag behind pre-recession levels. There are fewer jobs in these areas today than there were 10 years ago. An aging population and the loss of manufacturing jobs have slowed the recovery in many of these communities.

The networks of roads, rails, and waterways in rural areas of our Nation are in a state of decline. In 2016, 10.3 percent of all rural bridges were structurally deficient. The state of disrepair reaches beyond the Interstate and National Highway System—many local roads and more bridges are in worse condition than the national network. Access to airline routes and broadband internet is also severely lacking. In 2016, 39 percent of rural Americans did not have access to high-quality broadband internet. In urban areas, the rate was 4 percent.

In 2016, an estimated 19 percent of the U.S. population lived in rural areas; however, rural fatalities accounted for 51 percent of all traffic fatalities. Safety issues affect State and local road systems alike. Safety improvements and upgrades, in addition to communications campaigns and other tactics, are needed across the entire transportation network to reduce the number of fatalities and injuries on roads in rural communities.

Rural populations travel 40 percent more miles per year than their urban counterparts, which can cause increased maintenance costs. The level of access to basic health and medical care illustrates the problem this creates. Since 2010, 83 rural hospitals have closed, requiring rural patients to travel even farther to appointments. Furthermore, a greater number of rural crashes result in fatalities at the scene of the accident, as first responders must travel greater

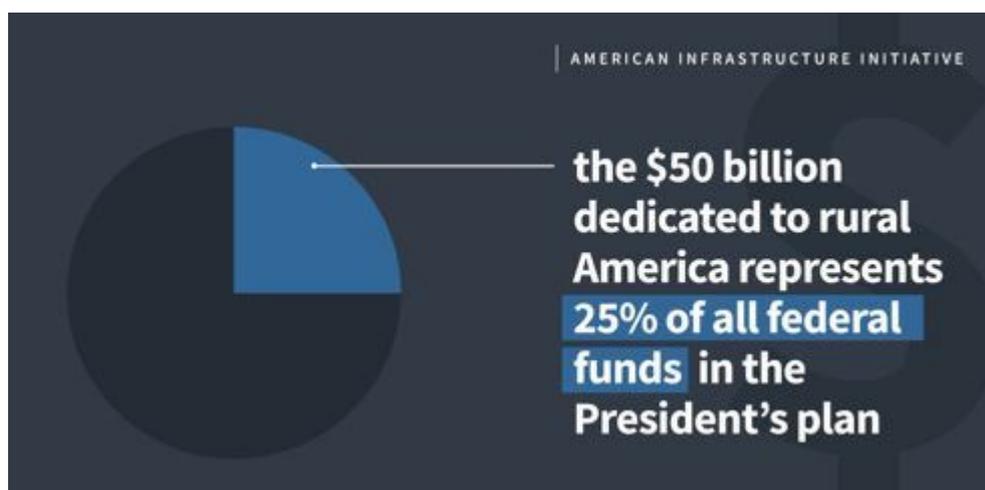
distances to reach these accidents. Lack of access to care has resulted in health disparities between urban and rural regions.

More businesses closed than opened during the period of recovery after the Great Recession in 90 percent of the largely rural counties that exhibited high levels of distress and low levels of economic mobility. Strengthening the ties between communities and employment and job training centers, healthcare and other services, and other opportunities is a necessary component to stimulating economic growth and improving quality of life in rural America. The poor condition of roads, reduced reach of rail and air routes, and lack of access to broadband internet all contribute to increasing isolation.



The most vulnerable members of rural communities, including persons with disabilities and the elderly, often rely on diminished public transportation services to get them to essential services. Reliable, affordable access to public or otherwise accessible transportation services is imperative for these populations in order for them to receive the care they need. For example, investments in digital infrastructure and development of online services, increased support for rural public transportation authorities, or partnerships with ridesharing companies that can provide access to those without other means are steps in the right direction.

There is no silver bullet—rural America contains diverse regions and communities that require different types of investment and support. Fostering economic growth and prosperity in rural America cannot be accomplished through infrastructure alone—as key problems touch on issues related to healthcare, job training, and economic development. Agencies and stakeholders across sectors and types of governments need to work together on a multifaceted, coordinated approach to address the array of challenges facing rural areas and identify sustainable solutions. The Administration is committed to channeling significant investment via incentive programs and strategic partnerships to rural America and supporting infrastructure projects that result in measurable increases in economic growth, employment, and competitiveness.



NEBRASKA | State Transportation Director Testifies Infrastructure

Nebraska Department of Transportation Director Kyle Schneweis testified on March 13, 2018 to the United State Senate Committee on Commerce, Science, & Transportation Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security. Below are a few excerpts from that testimony.

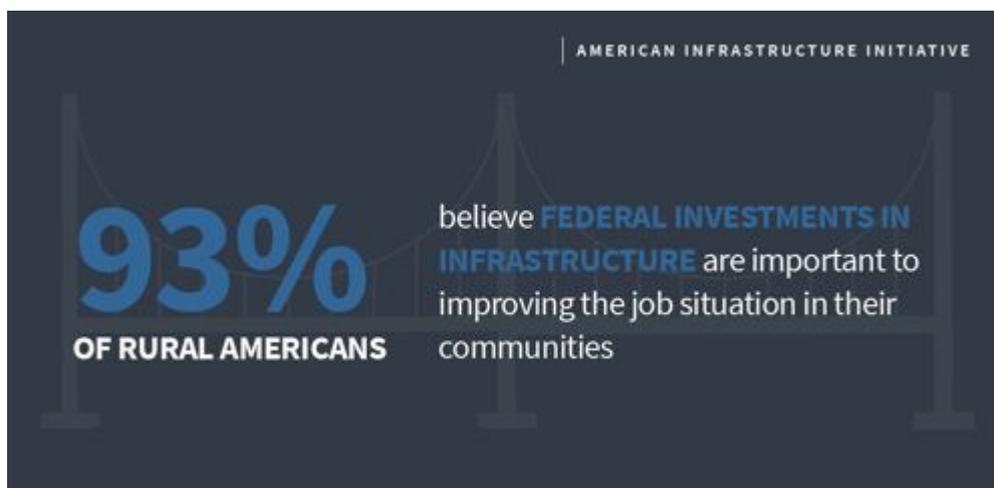
“Our Governor and state legislature has been very active on transportation issues in recent years, passing legislation to prioritize funding for infrastructure and giving our agency the tools to streamline the project delivery process.”

“For example, in 2011 a bill championed by then-State Senator Fischer called the Build Nebraska Act was passed dedicating $\frac{1}{4}$ of 1 cent from state sales tax receipts to fund new capital construction projects. In addition, in 2016 the Nebraska Legislature passed the Transportation Innovation Act, which created and financed the state’s first transportation infrastructure bank and established programs that allow us to provide matching funds to localities to address deficient bridges and to spur economic development tied to local infrastructure investments. The Transportation Innovation Act also authorized the department to utilize innovative project delivery methods including Design-Build.”

“As a result of this strong leadership from elected officials in our state, we’ve been able to move forward with many projects that had been put on the shelf due to a lack of funding. A great example is the fact that we are now able to finally complete our state expressway system, which had been talked about for decades prior. Nebraska did all of this by taking a critical look at an existing revenue stream and repurposing a portion of it for infrastructure, resulting in investing an estimated \$1.6 billion in projects over the next 20 years.”

“As a state DOT, we’ve been very encouraged by the discussions taking place in Washington, DC, about infrastructure, particularly the Administration’s focus on making sure dedicated funding is available to rural states and further streamlining project permitting requirements. Additionally, with the framework that has been put forward by the President, we look at it as an opportunity to be creative in how we pay for projects and see the potential in trying to fund infrastructure beyond the traditional methods. We all understand that the funding resources across the country don’t match up with the investment needs—this means creative, outside-the-box thinking is a must if we’re going to meaningfully improve the state of our national transportation network.”

“States and Governors are best positioned to put transportation dollars to work on projects immediately and get people working. Even with states like Nebraska that have been proactive in generating dollars at the state level to fund transportation projects, there still remain billions of dollars in needs. States and their local partners know exactly what the most important priorities are for their communities and where additional dollars can be utilized most quickly. In this vein, the President’s plan proposes a \$50 billion Rural Infrastructure Program, with \$40 billion of that specifically going to rural block grants. We are extremely supportive of this idea for exactly the reasons I just mentioned.”



See the 1-minute highlight reel from yesterday's hearing on Capitol Hill

Five Cabinet Secretaries testified before the Senate Committee on Commerce, Science, and Transportation regarding the President's proposal for Rebuilding Infrastructure in America.

Secretary of Agriculture Sonny Perdue: "The President's proposal for Rebuilding Infrastructure in America prioritizes responsible and sustainable investment in all our Nation's infrastructure and forges a path toward prosperity with a growth-oriented package of funds and infrastructure reforms. He envisions a 'lighter Federal touch' in funding and permitting for infrastructure, because he entrusts States and communities—not Washington—to make decisions to meet their unique rural needs."

Secretary of Commerce Wilbur Ross: "As President Trump has long made clear, our Nation's infrastructure is crumbling, and we desperately need new and upgraded roads, bridges, highways, railways, and waterways across the country. If the United States is to continue creating jobs, developing a 21st century work force, and growing a strong economy, we must build new infrastructure with 'American heart, American hands, and American grit.' First and foremost, the President's legislative principles for rebuilding infrastructure, delivered to Congress on February 11, 2018, will involve continued elimination of regulatory barriers, streamlined permitting processes, and establishment of a 'one agency one decision' concept for infrastructure permit applications."

Secretary of Labor Alexander Acosta: "The President's bold plan to strengthen our Nation's infrastructure—including modernizing roads, bridges, tunnels, and airports—presents an important opportunity for Americans to build their career while building a stronger foundation for our Nation. This is a great time to be a job seeker in America. If Congress passes the President's plan, jobs will be created in communities across our Nation— from Key West, Florida, to Barrow, Alaska. What is so transformative about the President's plan is it will help strengthen the economy and create jobs in sectors beyond construction, such as hospitality, food service, and retail as infrastructure projects break ground."

Secretary of Transportation Elaine Chao: "Our Nation's infrastructure is the backbone of our world-class economy—the most productive, flexible, and dynamic in the world. It is a key factor in productivity and economic growth. But as you know, too much of our country's infrastructure is aging and in need of repair. The challenges are everywhere.... Transportation is just one component, which is why I am joined here today by 4 fellow Cabinet Secretaries. The initiative includes, but is not limited to, drinking and wastewater, energy, broadband and veterans' hospitals as well. The goal of the President's proposal is to stimulate at least \$1.5 trillion in infrastructure investment, and includes a minimum of \$200 billion in direct Federal funding."

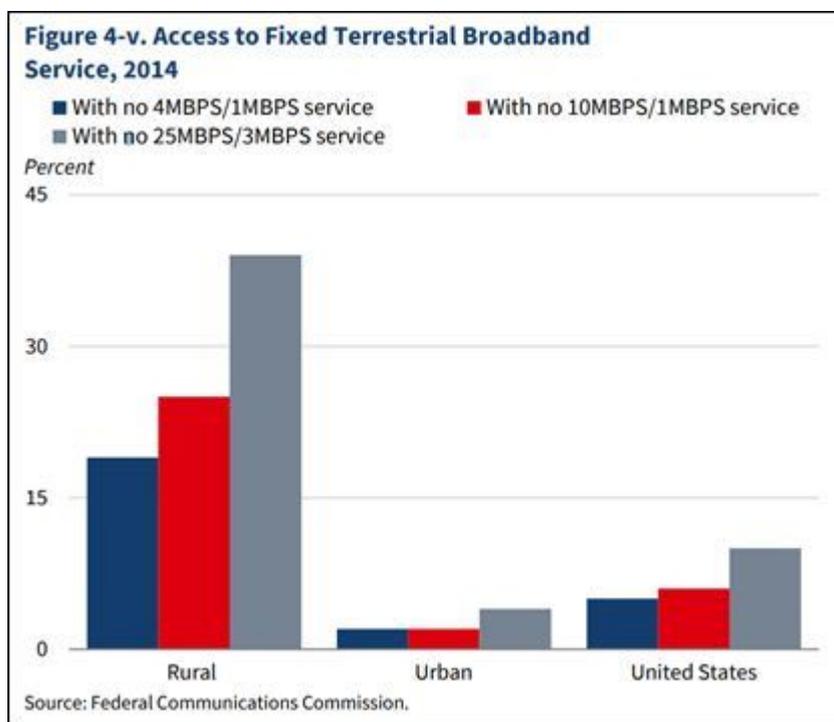
Secretary of Energy Rick Perry: "The President's plan will help ensure that energy is delivered more reliably, affordably, and more efficiently than ever. As we innovate further and create cleaner energy – we will need the infrastructure to move it in order to benefit the environment as well. In other words, adoption of this plan will help ensure that the benefits of our energy strategy will be felt well into the future. Beyond energy, streamlining permitting and modernizing our infrastructure will combine to revive our Nation at a time when it is sorely needed."



During the past decade, high-speed Internet service has transformed the global economy and changed how Americans live their lives. Access to broadband—defined by the Federal Communications Commission as a download speed of at least 25 megabits per second—is increasingly necessary for modern commerce, community engagement, job creation and matching, education, healthcare, and entertainment. Today, many of even the most common household Internet tasks require a high-speed connection, due to the rising sophistication and heavy graphics content of many websites; paying bills, online banking, shopping, research for homework assignments, and registering a car can be worse than frustrating for those who rely on dial-up access.

However, though just 4 percent of urban Americans lack access to broadband speeds via fixed terrestrial service, 39 percent of rural Americans cannot obtain it, as shown in figure 4-v. Low population density, challenging geographic features like mountainous terrain, and exposure to harsh weather in certain areas increase the per-customer cost of service delivery, acting as a disincentive for broadband providers to expand service into rural communities. In addition, broadband providers often face bureaucratic obstacles to building a network, including arduous application processes and burdensome regulatory reviews. Even when broadband service is available, rural Americans in general face a more limited choice set of service providers than their urban counterparts, and tend to adopt at lower rates.

According to the Congressional Research Service (Kruger 2016, table 4), though 44 percent of urban Americans reside in areas that offer a choice between providers, just 13 percent of rural Americans do. A Pew Research Center survey of home broadband usage identified several persistent disparities in broadband adoption, including the fact that rural Americans tend to adopt broadband at lower rates; 63 percent of adults in rural areas said they have a high-speed broadband connection at home, compared with 73 percent of Americans in urban areas. (Similar gaps in adoption are reported by the National Agricultural and Rural Policy Development Center, and by the Department of Commerce; Kruger 2016, 6.)



Nonadopting respondents cited cost—of computers and of the service—as an important reason for not subscribing. And the GAO found that nonadoption is principally driven by unaffordability, a lack of perceived relevance, and low computer skills. Interestingly, the Pew study also showed that between 2013 and 2015, the share of urban Americans with terrestrial broadband service declined moderately. This trend toward fixed-line disadoption was accompanied by an uptick in smartphone adoption; 13 percent of Americans now rely on the smartphone for online access at home (Kruger 2016, 6–7).

This gap in e-connectivity not only prevents many rural Americans from participating in the global marketplace but also restricts their ability to improve other parts of their lives, from their job prospects, placement, and training, to education and healthcare. Access to broadband is key for modern private enterprise, and a lack of available infrastructure prevents investment in rural communities. Several studies show that broadband availability confers important economic benefits on a community (Kruger 2016, 9). Recognizing that rural America's economic recovery from the Great Recession has been far slower than that of the rest of the country, in April 2017 President Trump established the Interagency Task Force on Agriculture and Rural Prosperity via Executive Order. In its final report, the task force identified the expansion of e-connectivity as an important path to prosperity for rural America, and prioritized identifying funding sources, streamlining the broadband deployment process, and reducing barriers to high-speed infrastructure buildout.

Provision of broadband in the United States is largely privately organized. Private firms of today face many of the same basic problems that hindered infrastructure development to expand electrification and telephone service to rural areas during the early part of the last century: challenging geographical features and a lack of scale economies in regions with low population densities. The Federal government currently uses two vehicles to direct funds to broadband deployment: the Universal Service Fund programs of the Federal Communications Commission, and the broadband and telecommunications programs of the U.S. Department of Agriculture's Rural Utilities Service (Kruger 2016, 12).

There are many options for improving the deployment and adoption of high-speed Internet connections to unserved and underserved areas, but a key consideration is striking the right balance between providing Federal assistance where private options are unavailable or unaffordable and minimizing the detrimental effects that government intervention can have in the private marketplace. A wide array of instruments are available to policymakers—from loans and loan guarantees, to infrastructure grants and universal service reform, tax incentives, direct assistance to taxpayers, and regulatory and deregulatory measures (Kruger 2016, 23). In deciding on the appropriate method(s), however, it is important to proceed with an understanding of the availability of next-generation and mobile broadband technologies, because these may prove less costly and more desirable to consumers in the long run. To advance the goal of increased access, the Federal government recently announced that the Department of the Interior will make some of its real property assets available for deployment of rural broadband assets.

[Full Economic Report of the President found here.](#)



Please let us know if you have any questions.

Thanks,
Nic

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