

MOVING AMERICA'S INFRASTRUCTURE FORWARD

HEARING
BEFORE THE
SUBCOMMITTEE ON CONTRACTING AND
INFRASTRUCTURE
OF THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS
SECOND SESSION

HEARING HELD
FEBRUARY 27, 2020



Small Business Committee Document Number 116-074
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
WASHINGTON : 2020

HOUSE COMMITTEE ON SMALL BUSINESS

NYDIA VELÁZQUEZ, New York, *Chairwoman*
ABBY FINKENAUER, Iowa
JARED GOLDEN, Maine
ANDY KIM, New Jersey
JASON CROW, Colorado
SHARICE DAVIDS, Kansas
JUDY CHU, California
MARC VEASEY, Texas
DWIGHT EVANS, Pennsylvania
BRAD SCHNEIDER, Illinois
ADRIANO ESPAILLAT, New York
ANTONIO DELGADO, New York
CHRISSY HOULAHAN, Pennsylvania
ANGIE CRAIG, Minnesota
STEVE CHABOT, Ohio, *Ranking Member*
AUMUA AMATA COLEMAN RADEWAGEN, American Samoa, *Vice Ranking Member*
TROY BALDERSON, Ohio
KEVIN HERN, Oklahoma
JIM HAGEDORN, Minnesota
PETE STAUBER, Minnesota
TIM BURCHETT, Tennessee
ROSS SPANO, Florida
JOHN JOYCE, Pennsylvania
DAN BISHOP, North Carolina

MELISSA JUNG, *Majority Staff Director*
JUSTIN PELLETIER, *Majority Deputy Staff Director and Chief Counsel*
KEVIN FITZPATRICK, *Staff Director*

CONTENTS

OPENING STATEMENTS

Hon. Jared Golden	Page 1
Hon. Pete Stauber	2

WITNESSES

Ms. Lynn Frazier, Director and Senior Transportation Engineer, James W. Sewall Company, Old Town, ME, testifying on behalf of the American Society of Civil Engineers	5
Ms. Lisa Jacobson, President, Business Council for Sustainable Energy, Washington, DC	6
Mr. Michael Saperstein, Vice President of Strategic Initiatives and Partnerships, USTelecom—The Broadband Association, Washington, DC	8
Mr. Todd Rothe, President, J.R. Jensen Construction Company, Superior, WI	10

APPENDIX

Prepared Statements:	
Ms. Lynn Frazier, Director and Senior Transportation Engineer, James W. Sewall Company, Old Town, ME, testifying on behalf of the American Society of Civil Engineers	21
Ms. Lisa Jacobson, President, Business Council for Sustainable Energy, Washington, DC	27
Mr. Michael Saperstein, Vice President of Strategic Initiatives and Partnerships, USTelecom—The Broadband Association, Washington, DC	33
Mr. Todd Rothe, President, J.R. Jensen Construction Company, Superior, WI	39
Questions for the Record:	
None.	
Answers for the Record:	
None.	
Additional Material for the Record:	
Letter from Associated Builders and Contractors	44

MOVING AMERICA'S INFRASTRUCTURE FORWARD

THURSDAY, FEBRUARY 27, 2020

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON CONTRACTING AND INFRASTRUCTURE
Washington, DC.

The Subcommittee met, pursuant to call, at 1:07 p.m., in Room 2360, Rayburn House Office Building. Hon. Jared Golden [chairman of the Subcommittee] presiding.

Present: Representatives Golden, Stauber, and Balderson.

Chairman GOLDEN. Good afternoon, and sorry for the delay. Just coming from some testimony with the Secretary of the Navy. So, it kept me a little bit long. But my good colleague and friend, Congressman Pete Stauber, I thought he was going to say that I owed him dinner or drinks or something for being late when he told me I had a text message waiting for me just now. But anyway, I appreciate your patience.

Good friend. Congressman Stauber actually came to Maine, and I have been to his district as well. And I just point that out because the first person testifying, I will introduce today, Ms. Frazier is actually from Maine, so you can tell her you have been to the district.

Well, thank you all for your patience for coming to testify today.

Whether it is the roads, rails, bridges that we use to transport our goods, the utility systems that power our factories, or the telecommunications networks that connect consumers to businesses, maintaining America's infrastructure is fundamental to a robust economy and to the Nation's competitiveness. Historically, America's infrastructure network has fostered strong economies and allowed us to be both competitive and efficient. However, by many measures, we are failing to keep up with the growing demands of our modern society.

Across the U.S., years of underinvestment in our infrastructure has resulted in crumbling roads, bridges in need of repair, rolling blackouts, and communities that lack access to high-speed Internet. Failure to invest in our infrastructure has serious economic consequences, including lower GDP growth, lost business sales, and fewer American jobs, especially for small businesses. Which is why we have a plan that has been brought forward by House Democrats in the House, a 5-year, \$760 billion proposed investment in infrastructure, the "Moving Forward Framework", and it merits attention today.

We know that investments in infrastructure contribute both directly and indirectly to economic growth. Infrastructure investment

reduces business costs, it increases consumer spending, and it lays the foundation for a clean energy economy. It is also a critical component to the success of small businesses and the communities they serve.

This is especially true in the energy sector. In 2018, clean energy jobs totaled more than 3.26 million and nearly every state in the U.S. has seen an increase in the clean energy economy. America's small businesses have been driving this growth, with nearly 70 percent of clean energy employees working for small businesses. A commitment to investing in renewable energy sources, such as wind, solar, biomass, is an investment in our Nation's small businesses and their employees.

Similarly, a robust and well-planned investment in our infrastructure benefits small businesses, both as end-users of these networks and by creating business opportunities for them. Let's take access to rural broadband, an issue I have been working on with my friend, the Ranking Member, Mr. Stauber, and a key component of the Moving Forward Framework. 2.5 million Americans, including 37,000 individuals in my home district in Maine, do not have access to a high-speed Internet connection. In fact, only 5.5 percent of households in Maine are connected to a fiber optic network.

We know that economic growth is tied to access to broadband—especially for small businesses. Small firms that have access to high-speed Internet earn twice as much revenue per employee, guarantee four times the revenue growth year-over-year, and are three times more likely to create jobs.

Finally, I think we all agree that we need to enact policies that create jobs right here at home, and we know that small firms dominate sectors of the economy, such as construction, manufacturing, and engineering. These small businesses play an integral role in upgrading our roads, ports, bridges, airports, and electrical grids. In fact, 61 percent of the jobs directly created by infrastructure spending would be in the construction sector, and 12 percent in the manufacturing sector. These would be high-paying jobs on Main Street that cannot be outsourced.

While there are many details to discuss, it is my hope that today's hearing can help identify how investments in infrastructure, especially in surface transportation, clean energy, and rural broadband, will benefit small businesses and the economy overall.

And with that I thank each of the witnesses for joining us today. I look forward to your testimony.

And I will now yield to the Ranking Member, Mr. Stauber, for an opening statement.

Mr. STAUBER. Thank you very much, Mr. Chair, for holding this timely hearing on an important issue which is our Nation's infrastructure.

Businesses and families across America rely on increasingly complex transportation systems, electric grids, and Internet networks to stay connected and competitive. As a member of this Committee and the House Transportation and Infrastructure Committee, I am keenly aware of the significant impacts of even the smallest disruption to these systems.

Communities across the country look to us as their elected representatives to advocate for local projects. Earlier this month, the United States Department of Transportation approved a \$10.5 million grant to the Duluth Seaway Port Authority to help fund the Duluth Port Logistics Hub 2020 Revitalization and Expansion Project, which will repair terminal components and enhance capacity for both domestic and international shipping. These improvements will bring significant savings and market opportunities for local small businesses, especially those in manufacturing and agricultural industries.

In addition to repair projects, many communities across the country are waiting for the installment of broadband networks. Once considered a luxury, broadband is now a critical component of modern infrastructure. Last year, you and I, Mr. Chair, held a hearing in Scandia, Minnesota, to hear from rural small business owners challenged by unreliable access to broadband. You and I realize that rural people living in Maine and rural folks in Minnesota share the same burdens and have since worked together to explore Federal strategies to bridge that digital divide.

The health of our Nation's infrastructure impacts us all regardless of geography or political affiliation. Our shared experience has inspired bipartisan sentiments, but it is time for us to take action and make desperately needed repairs and reforms.

I appreciate all the witnesses being here today, especially Mr. Rothe, who hails from the great 8th District of Minnesota. And I look forward to hearing your remarks. You are all an integral part in helping us ensure the government is helping, and not harming, our small business community.

Thank you, Mr. Chair, and I yield back.

Chairman GOLDEN. Thank you. The Ranking Member and I both agree that this is a very bipartisan issue. Everyone knows that this is something that needs to be done. Even people who are not even the slightest bit political at all.

With that, I want to take just a quick minute for everyone who is testifying to explain timing rules. Each of you will get 5 minutes to testify. The members will then get 5 minutes for questions. There is a lighting system to assist you. I am sure someone has gone over this with you, but sometimes we forget. So, if you see someone waving at you, you have probably failed to turn on the button in front of you so that your microphone is on. The green light will be on when you begin. A yellow light comes on when you have 1 minute remaining, and the red light comes on when you are out of time, and we ask that you do the best that you can to stay within this timeframe.

And now I would like to introduce witnesses.

Our first witness is Ms. Lynn Frazier. She serves as the director and senior transportation engineer for the James Sewall Company, a 138-year-old integrated multidiscipline consulting firm providing services to government, energy, and utilities and the forest products industry in Old Town, Maine. Ms. Frazier currently sits on the board of the Maine Chamber of Commerce and is a past-president of the American Society of City Engineers in Maine. She holds her undergraduate degree from the University of Maine.

Welcome, Ms. Frazier.

Our second witness is Ms. Lisa Jacobson. She is the president of the Business Council for Sustainable Energy, a trade association representing energy efficiency, renewable energy, and natural gas industries. In this capacity, she advises states and Federal policy makers on energy, tax, air quality, and climate change issues. She is also a member of the Department of Energy's State Energy Efficient Steering Committee and the United States Trade Representatives Trade and Environment Policy Advisory Committee. She holds an undergraduate degree from the University of Vermont, and a master's degree from the London School of Economics.

Welcome, Ms. Jacobson.

Our third witness today is Mr. Mike Saperstein.

Did I get this correct? Very good.

He is the vice president of Strategic Initiatives and Partnerships at U.S. Telecomm, a trade association representing telecommunications-related businesses in the U.S. In his role he focuses on new and emerging technologies amid a shifting regulatory landscape. In his previous role as vice president of Policy and Advocacy, he worked to promote broadband infrastructure projects, such as the Rural Digital Opportunity Fund. He received his undergraduate degree from the University of Notre Dame and his J.D. from the Catholic University of America, Columbus school of Law. Welcome, sir. Thank you for joining us.

And I will yield to Mr. Stauber to introduce our final witness.

Mr. STAUBER. Thank you, Mr. Chair.

Our final witness today is Mr. Todd Rothe. He is the president of J.R. Jensen Construction Company. Todd has led the company since 2004 and has nearly 30 years of construction experience. And under his leadership, J.R. Jensen has grown from less than \$5 million in annual revenue to more than \$25 million, ranking it among the largest and most successful contractors in our region. Todd has helped foster improvements at J.R. Jensen's culture that have led to excellence in safety, performance, and customer satisfaction. Todd earned a bachelor's degree in Business Administration from the University of Minnesota-Duluth, the best college hockey team in the Nation. It is a privilege to have a constituent on the panel today, and I appreciate you for making the journey from Northern Minnesota.

Mr. Chair, I yield back.

Chairman GOLDEN. Thank you very much.

Ms. Frazier, you are now recognized for 5 minutes.

STATEMENTS OF LYNN FRAZIER, DIRECTOR AND SENIOR TRANSPORTATION ENGINEER, JAMES W. SEWALL COMPANY; LISA JACOBSON, PRESIDENT, BUSINESS COUNCIL FOR SUSTAINABLE ENERGY; MICHAEL SAPERSTEIN, VICE PRESIDENT OF STRATEGIC INITIATIVES AND PARTNERSHIPS, USTELECOM, THE BROADBAND ASSOCIATION; TODD ROTHE, PRESIDENT, J.R. JENSEN CONSTRUCTION COMPANY

STATEMENT OF LYNN FRAZIER

Ms. FRAZIER. Chairman Golden, Ranking Member Stauber, and members of the Subcommittee, thank you for inviting me today for

this important discussion on the Nation's infrastructure and how it impacts small business.

My name is Lynn Frazier, and I am a civil engineer based in Enfield, Maine, the past-president of the American Society of Civil Engineers' Maine Section, a member of the Board of the Maine Chamber of Commerce, and director of business development at James W. Sewall Company.

Today, I am appearing on behalf of the more than 150,000 members of the American Society of Civil Engineers (ASCE). I appreciate the opportunity to share our position on the importance of long-term, strategic investment in our Nation's infrastructure.

Every 4 years, ASCE publishes the Infrastructure Report Card to raise public awareness. Unfortunately, the most recent report rated the overall condition of the Nation's infrastructure as a D+ and found an investment gap of \$2 trillion. As our infrastructure continues to age, and investments fail to keep pace, this national gap is only widening every year.

At the state level, Maine's latest report card found that our infrastructure fares only slightly better than the national average, with the state receiving a cumulative grade of C-.

Ranking Member Stauber, your state of Minnesota fares slightly better yet with their most recent report card grading the state's infrastructure with a C.

Several years ago, ASCE embarked on an effort to examine how this persistent D average is impacting America's economic future. The resulting report, our Failure to Act series, found that failing to close our Nation's \$2 trillion investment gap creates devastating economic impacts for families, small businesses, and the Nation's overall GDP.

Simply put, this analysis confirmed what we already know intuitively. Water main breaks, bridge closures, road postings, and the occasional blackout are not just inconvenient, they are a drag on economic growth.

More specifically, our economic analysis found that by 2025, infrastructure will continue to degrade, resulting in a loss of 2.5 million jobs, \$3.9 trillion in GDP, and \$7 trillion in lost business sales. Additionally, our poor infrastructure cost American families \$3,400 a year. That is \$9 a day. This is a hidden tax that we are all paying when we do not address our infrastructure needs.

In Maine, under investment in infrastructure like rail has economic consequences for previously prosperous papermill towns where economic development is desperately needed. For example, the region's freight connection to New York is limited to 10 miles an hour in the Penobscot River Valley, forcing the few businesses in the area to ship via truck. This makes the region less desirable for other manufacturers, increases wear and tear on our roadways, and increases congestion.

On a more positive note, over the past several years, Maine has made significant, strategic investments in its ports, which is paying dividends. Due to these investments, 6 years ago, Eimskip, Iceland's oldest shipping company, made Portland its U.S. headquarters, a move that has grown the amount of exports going through the port each year and created many well-paying jobs. And there are similar stories in every district across the country.

So how can we raise the grades and curtail the negative economic impacts? ASCE believes that Congress should adopt infrastructure legislation that fixes the Highway Trust Fund, eliminates the cap on the passenger facility charge, puts trust back in the Harbor Maintenance Trust Fund, and addresses both resilience and the total lifecycle cost of an asset.

Recent proposals and legislation in the House and Senate hit on many of those priorities and we strongly hope that they will result in bipartisan legislation this year.

Unfortunately, none of these proposals seriously addresses the Highway Trust Fund. The gas tax has not been raised in nearly 30 years and its purchasing power has diminished significantly over the intervening years. Can you imagine living off your 1993 salary? It would not get us very far.

As a result, the Highway Trust Fund will be exhausted in 2022, grinding critical road and bridge projects to a halt.

Therefore, over the next 5 years, ASCE recommends a 5 cent a year gas tax increase indexed to inflation. This proposal is supported by a wide coalition of groups, including the U.S. Chamber. To ensure the Highway Trust Fund remains sustainable as more electric vehicles come online, ASCE also recommends creating an EV tax to account for their wear and tear on highways.

Finally, ASCE urges Congress to establish a national pilot program to better understand how a mileage-based user fee could be implemented in the longer term.

In conclusion, underinvestment in our infrastructure risks our economic future and the quality of life of all Americans. It is the goal of everyone in this room to make sure America remains competitive in a growing global economy. But we cannot do that if we cannot commit to building and maintaining a first-class infrastructure.

I would like once again to thank the Committee for inviting me to participate in today's hearings, and I look forward to taking your questions.

Chairman GOLDEN. Thank you, Ms. Frazier.

Ms. Jacobson, you are now recognized.

STATEMENT OF LISA JACOBSON

Ms. JACOBSON. Chairman Golden, Ranking Member Stauber, and members of the Subcommittee, thank you for the opportunity to testify today. I would like to express the Business Council for Sustainable Energy's appreciation for the leadership of the Subcommittee and its strong bipartisan support.

Investment in American infrastructure will improve the Nation's economic competitiveness, it will increase our national security and resilience, and has the potential to create tens of thousands of jobs.

Small businesses comprise more than 99 percent of U.S. companies and employ over 47 percent of the American private-sector workforce. As the clean energy economy continues to grow, so too will the impact of small businesses in these sectors.

BCSE is a coalition of companies and trade associations representing energy efficiency, natural gas and renewable energy. The council is pleased to have an independent initiative under its ban-

ner, Clean Energy Business Network (CEBN). CEBN represents small- and medium-size businesses in these industries.

Together, BCSE and CEBN represent a broad scope of the clean energy economy, from Fortune 100 companies to small businesses working in all 50 states and over 350 congressional districts. On a national basis, the energy efficiency, natural gas and renewable energy sectors support over 3.2 million U.S. jobs, and it is estimated that 70 percent of these jobs are in small businesses.

To set the context for the policy perspectives offered in my testimony, I would like to present some of the findings of the 2020 Sustainable Energy in America Factbook. The Factbook is a report produced each year by the Business Council for Sustainable Energy and Bloomberg New Energy Finance. Now in its eighth year, the report released earlier this month, details the significant transformation of the Nation's energy sector, with a special look at the last decade.

A complementary compendium from Clean Energy Business Network, entitled Faces Behind the Facts, highlights some of the small- to medium-sized clean energy entrepreneurs who are helping to drive this transformation.

The 2010s was a rapid period of change in the energy sector, and particularly for the portfolio of energy efficiency, natural gas, and renewable energy.

During the last decade, the U.S. economy experienced sustained economic growth, increased energy productivity, falling greenhouse gas emissions, and low energy costs for consumers. Further, in the 2010s, renewable energy and energy-smart technologies expanded and attracted \$390 billion in investment in the United States, with a record-breaking \$55 billion in investment in 2019 alone.

Shifting to the Moving America and the Environment Forward framework, as well as other proposals put forward by the Trump Administration and Republicans in Congress, BCSE appreciates all of these initiatives' recognition of the energy system as a critical infrastructure asset. We also support consideration of climate change and resilience as part of these proposals.

The framework we are looking at today includes many important areas. Specifically, (1) Siting, permitting, and regulatory reforms. Streamlining of siting and permitting processes for electric and natural gas infrastructure, hydropower projects, energy storage, and materials management is critical.

Second, Resilient Infrastructure Investments. BCSE supports pre-disaster investment to enhance the resilience of critical infrastructure, as well as reforms to Federal regulations that enable projects to "build back better."

BCSE has also worked at the local level in Texas and Puerto Rico as a partner in the Readiness for Resilience project. These experiences confirm our view that infrastructure planning and investment should consider opportunities to enhance resilience and support public private partnerships.

Third, Clean Energy and Energy Efficiency Infrastructure Investments. The framework includes several areas to accelerate the deployment of clean energy technologies and resources in the energy, transportation of broadband and buildings sectors among others.

Finally, Infrastructure Financing Tools. To catalyze the capital investments needed in U.S. infrastructure, Congress should seek to strengthen and expand existing financial tools and consider new mechanisms. These tools should catalyze and leverage private sector investment.

Energy Savings Performance Contracts, bonding authority, and other tax measures should be considered. Further, programs should include municipal infrastructure assets. This spans waste, water, transportation, lighting, and energy infrastructure.

The last decade has demonstrated that energy is critical infrastructure. Further, the U.S. energy economy is undergoing fundamental transformations that are powered by a robust, affordable, reliable, and clean portfolio of commercially available energy resources.

Thank you very much.

Chairman GOLDEN. Thank you.

Mr. Saperstein?

STATEMENT OF MICHAEL SAPERSTEIN

Mr. SAPERSTEIN. Chairman Golden, Ranking Member Stauber, and other distinguished members of this Subcommittee, I appreciate the opportunity to testify at this important hearing on how Federal infrastructure investment can support small business job creation and increase connectivity in the United States.

My name is Mike Saperstein, and I represent USTelecom, The Broadband Association, the Nation's premiere trade association for broadband providers, suppliers, and innovators bringing high-speed Internet and future-focused connectivity to families, communities, enterprises, and small businesses.

USTelecom shares Congress's goal to connect every single American to the Internet. A meaningful infrastructure bill will do the following things: Support robust and targeted broadband deployment via direct funding; promote public-private partnerships; and also make regulatory changes to remove barriers to broadband deployment.

By investing in America's broadband infrastructure today, Congress can set the foundation for generations of commercial growth. Many members of our association are actually multi-generational local business with a history of entrepreneurship and innovation.

Silver Star Communications, a service provider in Wyoming and Idaho is one such small business that traces its roots to 1948 when they connected rural farmers via telephone wires riding on barbed wire fence. Infrastructure and technology may have changed, but today that small business serves nine rural counties across 17,000 square miles and was the first provider in the state to deliver gigabit Internet service to residential customers over a fiberoptic network.

My point is this: small companies and digital connectivity businesses are not mutually exclusive. In fact, modern economic opportunity is fundamentally dependent upon access to the greatest American innovation of the past century, the Internet. With 50 percent of small businesses based out of the home, we have an imperative to enable the next generation of entrepreneurship by making sure all Americans have access to broadband wherever they may

live or work. Broadband is as critical to America's global competitiveness as reliable roads, bridges, waters, and energy.

With our current limited resources, we are mindful of the trade-offs between investing in futureproof but more costly networks and ensuring that all Americans have a baseline level of connectivity. The \$80 billion proposed in the framework for broadband deployment would fundamentally alter this calculation and provide a future proof network in many areas of the country where this was previously unattainable. Choosing trusted partners that have a history of successful broadband deployment, like the framework proposes, is the most effective way to bridge the digital divide and can be accomplished on the macro and micro level. The FCC, as the expert agency, has taken on the challenge of universal broadband service and enlisted the help of experienced service providers to do so.

On a local level, we have seen communities taking innovative approaches to enhance their connectivity. Last year, the town of Brooklyn, Maine, and Consolidated Communications, developed a public-private partnership to share costs and creatively tackle broadband deployment to the coastal community, resulting in significantly faster and more reliable broadband connectivity. Federal broadband funding should be targeted first to the areas of the country truly unserved by broadband and not used to construct duplicative networks that overbuild a provider's existing infrastructure.

We commend this Subcommittee for already holding a hearing on broadband mapping this Congress to help identify who is served, and more importantly, who is unserved in this country. USTelecom also commends the framework focus on adoption, digital equity, as well as the next generation 911 services so our emergency response networks are as accessible, efficient, and effective as possible.

While direct broadband funding is critical, Congress, states, localities also need to focus on modernizing existing regulations to speed infrastructure deployment. Common sense but necessary reforms include better access to railroad crossings, just and reasonable access to utility poles owned by municipalities and cooperatives, and a sensible approach to rights of way access.

Emerging 5G technology will drive economic growth and job creation in the years ahead, unleashing a wave of new innovation that we cannot yet imagine. Rural 5G connectivity cannot exist without a ubiquitous fiber network, and the faster we can deploy the fiber, the better. The moving forward framework would be a tremendous boost to our Nation's broadband infrastructure. USTelecom and its member companies, stand ready to work with this Committee, Congress, and the administration to continue making significant steps to close the digital divide.

Thank you for this opportunity.

Chairman GOLDEN. Thank you very much, sir.

And finally, Mr. Rothe.

STATEMENT OF TODD ROTHE

Mr. ROTHE. Mr. Chairman and honorable members of the Subcommittee, thank you for this opportunity Mr. Chairman and Honorable Members of the Subcommittee, thank you for

this opportunity to provide my testimony about the impact that infrastructure spending has on my firm, J.R. Jensen Construction Company.

Located in Superior, Wisconsin, we live in the border community known as the Twin Ports with Duluth, Minnesota. We employ 80 full-time, union employees. The markets we serve are industrial, energy, and commercial construction. Our industrial markets include agriculture and grain handling, such as CHS; mining, Cleveland Cliffs; minerals processing, Graymont; and transportation, including railroads such as BNSF. For the energy sector we build facilities for clients operating regional pipelines, such as Enbridge; Superior's oil refinery, Husky Energy; and electric power utilities, such as Minnesota Power.

Our valued clients often hire us as well to perform work throughout the Midwest and the 12-state region. While most of our infrastructure work would be considered private spending, we have received contracts as both a prime contractor and subcontractor to Federal agencies, including the US Army Corps of Engineers, Coast Guard, and others. We have worked for a variety of similar state and local governments as well. So, we have experienced first-hand the tremendous, positive economic and social impacts that infrastructure brings, whether it is private or public. And construction firms like us rely upon a steady stream of projects. They are not just temporary jobs.

People often talk about the "ripple effect" of such spending, and I can assure you it is real, and it is significant.

So today I would like to share with you some examples that we have personally observed in our small business in Superior, Wisconsin. These are positive results directly connected to infrastructure spending. Additionally, we do make a point with our contracts to buy local services and buy products made in the United States whenever possible, which again indicates the indirect and broader impacts as well.

So, construction projects are being accomplished with three main things: labor, materials, and equipment. I have organized my examples accordingly.

1. Labor. Supporting Employees with Great Jobs. People are a company's greatest asset, and ours is no exception. Good wages, actually high-paying wages and benefits help people to support their families, pay their taxes, and be able to improve their lives. We work in a part of the country that generally has brutal winters, and yet, we are outdoors loving people.

So, think of the things we buy, such as pickup trucks, both popular, both necessary, and common. Most of those come from Michigan. Snowmobiles and ATV's, there is a Polaris factory and an Arctic Cat factory right in Minnesota. Boats are made in Minnesota, the Land of 10,000 Lakes. Lund, Alumacraft, Premier Pontoon, all made in Minnesota. Ice Castle fish houses for this time of year made in Montevideo, Minnesota. Campers, trailers, and RV's come from Northern Indiana.

So, the list of things that people buy goes on and on, and each of these I have mentioned contains steel. Mining in Northern Minnesota not only provides great jobs; it continues to produce the iron ore needed to make the steel that end up in these products.

Proposed mines such as PolyMet and Twin Metals are on the table now and trying to get permitted. Those are needed and important. Minnesota has one of the largest deposits of copper and nickel needed to safely and responsibly mine and use these important minerals. The green economy needs these minerals to make solar panels and windmills and copper wiring, tubing, catalytic converters, batteries, and more. Why should these minerals not come from the United States?

Spending on materials and supplies is the second component of projects. So, for many of our projects, materials are the largest part of the budget, and these purchases create big impacts.

Wood and lumber, forest products industries; steel, rebar, piling, pipes, structural beams, plates, you name it, mines. Benefitting mines and U.S. steel mills, scrap recyclers.

Pre-engineered metal buildings are made in Butler fabrication plants throughout the U.S. Concrete and cement plants, all their raw materials from places such as Alpena, Michigan. Asphalt for roads and highways; fuel for vehicles and equipment, all produced by local by local refineries. The list goes on including all the temporary utilities and power and water and various things like that.

The last one being spending on equipment. Companies like ours have to invest in equipment to stay competitive and productive. So, think of major American manufacturers, including John Deere, Caterpillar, and even Minnesota's Bobcat.

Section 179 allows these attractive tax rules to better plan and make these purchases, so we thank you for that. It is working.

And then, finally, if we meet our budget, the project yields a profit. And this is a bad word to some people, but anyone in business knows that it exists and without it, we will not survive. Our firm has been successful. That allows us to give back to the community. So, we upgrade equipment, reinvest our profits, all this to better serve our clients, improve what we do, and make sure we continue to offer a great environment for our people to work.

I think you have a good example there.

In conclusion I think, you know, let's work together in moving America's infrastructure forward, and I hope I have demonstrated it is a truly significant means toward a larger goal of moving American forward. Thank you.

Chairman GOLDEN. Forest products, harsh winters, snowmobiles and ATVs, that sounds familiar.

Mr. STAUBER. Hockey.

Chairman GOLDEN. Hockey as well. That is right. University of Maine; right? You played hockey there.

Mr. STAUBER. And we beat them. Yep.

Chairman GOLDEN. And you won.

We are going to move to questions now. Thank you all very much for your important testimony.

I will start with 5 minutes myself.

Ms. Frazier, I sat on the Transportation Committee in Augusta. We had people talk about a \$160 million highway budget shortfall in the state coffers with a plan in the last administration to try and bond our way out of it, \$100 million at a time over 10 years and that would not even fill the gap. We decoupled from inflation adjustments years ago losing tens of millions of potential dollars to

invest and politically people are just I think scared to have this conversation, even though organizations like the Chamber of Commerce and Maine Motor Transportation Association, I am sure the American trucks as well are talking about the need to address the revenue side of things. I feel like as a general strategy it was lacking to bond because now, we are paying interest, right, rather than just paying for it upfront. It is actually more expensive, just kind of kicking the can. So hopefully we can find the will to do something here.

But I did want to ask you a little bit about freight rail, which you brought up. Ten miles per hour, I am well aware of that in the Penobscot River Valley. Huge problem. But freight rail all over the state lacking in a big way.

Do you have any idea what the dollar figure is to try and get us competitive, or any examples of specific businesses that have been hurt as a result of the lack of investment?

Ms. FRAZIER. Yes. So interestingly, a lot of the freight rail portions are privately owned, so it is not even as much of a funding gap that is the problem; it is a policy discussion that needs to be had. And letting people know where our priorities are and that we need to work with them, and if it is providing matching funding, to just get those rails and let them know that it is important to us.

As far as businesses being affected, I live in Enfield, and not so long ago, I think April of last year a large train with a full load of timber tipped over right near the main roadway so, you know, the road was closed. It just disrupts everything. And it is not like they were going more than 10 miles an hour, so.

Chairman GOLDEN. Yeah, no, it is a big problem. I appreciate that very much.

And there are tax credits and things, but obviously, a conversation needs to be had.

Ms. FRAZIER. Definitely.

Chairman GOLDEN. Some of those people are not stepping up and we have got to find a way to do more.

Some people talking to me recently in Maine about the idea of building a facility at the airport in Bangor where they could house lobsters coming off the coast so that we could be quicker to market, you know, those types of potential projects at airports. What do you think?

Ms. FRAZIER. I think that is great. Yeah. Anytime we can leverage private funding to help with that and really boost our economy and export our goods, sure.

Chairman GOLDEN. Yeah, I appreciate that feedback.

Just moving on real quick, Ms. Jacobson, you said that Maine ranks fourth in the country in percentage of instate energy generated from renewable energy, yet we rank almost last for total energy generation as a state. Very oil dependent. You know, we are happy that we are doing things like solar, wind, and others. But you talk a little bit about natural gas as well. We have a bit of an infrastructure problem there. I just want to get your thoughts on how we could do better in terms of energy generation without hurting that. I mean, it is very nice to be number four in producing renewable energy right at home. So, what can we do?

Ms. JACOBSON. Well, I commend you on that and, you know, our data also shows I think over 77 percent of your generation currently coming from renewable energy. Also, do not forget, energy efficiency, you ran very high in terms of energy efficiency, utility spending, as well as benchmarked against the rest of the country. And that is really where I would start my remarks. It is really about a portfolio. BCSE focuses on a portfolio of efficiency natural gas renewables but we have to look beyond that storage, new technologies. And then the optimization of our energy system which I know you this Committee is a big proponent of, and you are as well.

In terms of what drives more instate or intra-region generation, it comes to this confluence of policy, markets, cost. And one thing that I would highlight that I think that Maine could continue to build on, a trend that is happening throughout the country, is corporate and city-level involvement in energy decision making because of the information technology and public awareness and a drive for sustainability, local communities as well as the private sector are asking for a clean portfolio of energy choices. So that is an opportunity for local businesses to request the energy that they would like to see provided to them. So, there is a partnership opportunity with utilities and state policy makers.

But in terms of infrastructure, you are exactly right. I mean, one of the biggest trends over the last decade has been reduced greenhouse gas emissions throughout the country and that is because of shifting to cleaner fuels like natural gas. In New York, we have an infrastructure problem, and that is, again, a local, as well as state and Federal challenge.

Chairman GOLDEN. Thank you very much.

There has been a lot of talk about that challenge, a big bottleneck problem we have in New England.

So, I will hand it off to the Ranking Member. I do not want him to miss asking questions if votes are called.

Mr. STAUBER. Thank you, Mr. Chair.

Mr. Rothe, I appreciate your astute observation for the need of steel as we make investments into our critical infrastructure. And as both you and I know, Northern Minnesota is home to the largest iron ore mine in North America and sits on the largest nickel copper reserves in North America as well.

Mining in Northern Minnesota, we mine under some of the strongest labor and environmental standards, and it is critical to use U.S. steel in our repair of our infrastructure in our roads and bridges. And to that end, how will the high potential for high-paying mining jobs benefit communities in the Twin Ports and throughout Northern Minnesota?

Mr. ROTHE. Well, the reality with mining is very similar to other sorts of investments. It is just that there is a big ripple effect of the mines themselves with the high-paying jobs of the people they employ, the magnitude of the equipment purchases they buy. There is even some other stuff they use. And repairs they make also employ many union tradespeople that similarly work for companies like ours to keep those plants operating. So——

Mr. STAUBER. Go ahead.

Mr. ROTHE. You know, in the Twin Ports more specifically, all of the shipping of the Tacket A pellets come through the Duluth/Superior and Two Harbors area.

Mr. STAUBER. Right.

You know, we have talked about, Ms. Jacobson, you talked about the renewable energies and what have you. So, where Mr. Rothe and I live, those copper nickel reserves, we want to supply the copper for the windmills. And the nickel and cobalt for the electric batteries. And we want to be able to mine it in Minnesota with the strongest labor standards and the strongest environmental standards and not countries that do not have our best interest at heart. We are fighting in Minnesota to give you and give us the opportunity to grow our renewables. I would much rather get those minerals from our home state of Minnesota than from other governments, such as China. The steel dumping, this administration stopped the steel dumping which was cheap and brittle steel to the best made steel in the world. We want the renewables made out of those minerals that we can extract. And I want you in Maine and Vermont and other states to understand what we are fighting for in Minnesota. Mr. Rothe is on the cutting edge of that.

And with that being said, I want to switch gears, Todd, to your Federal Government procurement process for your small business. You know, when you work with the Federal Government, what barriers to the efficiency have you faced? And then what certain regulations did you find really burdensome and more difficult to overcome as a small business during the procurement process?

Mr. ROTHE. The contracts we have had have, you know, had a fair amount of regulatory aspects to them. You know, each one of them creates its own little silo of a problem. So, I cannot think of anything that specifically is a real barrier except for the fact that the quantity. So, the magnitude becomes more of the issue and it becomes, you know, frankly sometimes we just simply do not chase after government contracts because of those requirements. We have a hard time, for example, in our company, meeting various diversity requirements and things like that. Some of those are more common in some of the state contracts and even some of the university contracts. So, it is almost like either mandated hiring or mandated percentages or all of these sorts of thresholds like that can sometimes be pretty difficult for a small company like ours.

Mr. STAUBER. And I think that both Chairman Golden and I, when you made the statement that sometimes you will not even chase those contracts because of the redundancy and the duplication, for a small business that is not what we need to hear. We have a job to do and we have heard this enough over and over. We want our small businesses to be the engine of our economy, and to hear you say that it is a green light for change for us, Mr. Chair.

And with that, I will yield back.

Chairman GOLDEN. Thank you. I appreciate it.

Next, we are going to recognize the Ranking Member of the Subcommittee on Innovation and Workforce Development, Representative Troy Balderson from Ohio's 12th.

Mr. BALDERSON. Thank you very much, Mr. Chairman. Thank you, panel, for being here today.

My first question will be directed to Mr. Rothe and Mrs. Frazier. As a member of the Transportation and Infrastructure Committee, one of my infrastructure priorities is streamlining the project delivery and permitting process at the Federal level to maximize limited resources and reduce bureaucratic red tape.

Last week, I held a Transportation and Infrastructure roundtable in my district with local stakeholders, including the Ohio Department of Transportation, local construction businesses, county engineers, and more. One topic that came up was support for streamlining unnecessary or complex regulations that hinder project development. From your own experiences, what Federal regulations can Congress update, reform, or eliminate to yield better results for taxpayer investment in infrastructure?

And Ms. Frazier, you may start first.

Ms. FRAZIER. Well, ASCE supports streamlining as long as the environment is protected, and certainly from my personal work experiences, just having a standard that is in place and followed, that we know what to expect. I mean, if there are permits that we can obtain and we know there is a 6-month review period and we can plan on that, but if we are modifying a permit, there is no set review period. That makes businesses really nervous to not have a plan in place. So, I think there is a lot we can do to streamline and really set expectations.

Mr. BALDERSON. Mr. Rothe?

Mr. ROTHE. I would echo those statements, as well as just saying the unpredictability sometimes of the processes is as big a problem as the processes themselves. And we've faced some severe issues in the State of Minnesota with getting our Line 3 pipeline permitted. Even though that's not a Federal project review per se, but it's an example of things gone amuck with the level of challenges and court challenges. And we, in Minnesota, have a state department going after, basically suing the Public Utilities Commission and challenging rules there. So, things like that create delays, cause major problems for projects in general to get them built.

Mr. BALDERSON. Okay. I was just looking to see if there is something specifically that we in Congress can address, but I appreciate both your answers. And if you do think of something, please let our office know.

My final question, just time permitted here wise, as the Chairman said, as Ranking Member of the Workforce and Innovation Subcommittee, I am dedicated to closing our workforce gap and it is something that has been a passion of mine for 20-plus years. In your opinion, what more can be done to ensure that the industry has an adequate supply of trained workers?

And anybody from the panel can answer that question.

Mr. SAPERSTEIN. Thank you for the question.

So certainly, in the communications industry it is enabling a whole new generation of industries, particularly as broadband access comes online. And I think actually access to broadband is the thing that we need to make sure that a whole new generation of workforce is enabled. Without the basic access to that infrastructure, you cannot do your homework these days, let alone advance in your career. So, having the broadband access, and having the

tools to adopt it and understand the adoption and how important that is is critical to our future development.

Ms. JACOBSON. I will comment briefly. From the energy sector, understanding the change and the changing needs of our workforce is one aspect, but we also have I think one in five current employees slated to retire in the next decade when you look at the utility sector in particular. So, there is a huge opportunity here for family-supporting jobs, careers, and very exciting opportunities to intersect with all the infrastructure sectors of the U.S. economy. Energy is not just energy alone. It is connected to everything around this table. So, what we focus on is workforce training and public-private partnerships. And the industries that I work for, making this more of a priority, but there is clearly a role for the Federal Government, and I know in your Committee and this Committee, as well as in Energy and Commerce, there is a lot of focus on specific legislation that would help foster those partnerships in a more robust way. And I think we also have to look at the needs of those potential employees. Making sure they have support so they can take advantage of the training programs when they do exist.

Mr. BALDERSON. Thank you very much, Ms. Jacobson.

I yield back, Mr. Chairman.

Chairman GOLDEN. I think we are going to do another round of questions. I know I have got one about broadband, but I am going to first let Mr. Stauber go. I know you might have some as well.

Mr. STAUBER. Thank you, Mr. Chair.

To Mr. Rothe again. You talked about the redundancy and the Federal regulations, the duplicative part of them. Would you like to talk about two specific industries in Minnesota that can help small businesses? We have a replacement pipeline project, and we have the first permitted copper nickel project. Can you tell the members here the length of time it took to get those permits? And you can start with the copper nickel.

Mr. ROTHE. Well, when I joined J.R. Jensen, which was in the year 2004, and purchased the company since then along with a partner I had at the time. And I remember it was '04 or '05 when PolyMet was starting and anticipating within 2 or 3 years to have their permits. So, if that explains it, that was 16 years ago.

Mr. STAUBER. They are into their 16th year for permitting. Sixteen years. And then how about the replacement of a Line 3 we call it in the State of Minnesota. How long has that been going on for a replacement?

Mr. ROTHE. That has been going on at least 5 years. And interesting, you know, Wisconsin has similar requirements for pipeline projects, but the 13 mile stretch in Wisconsin was built and completed 2 years ago. And I would also point out that the entire Nation of Canada from North of Edmonton and Alberta area down to the Minnesota border is also now completed and I believe put into service.

Mr. STAUBER. Which has stopped good paying union jobs.

Mr. ROTHE. That is correct.

Mr. STAUBER. Family wage jobs. And for a commodity that we use every day.

I just want to switch gears, Mr. Chair, if I could.

Mr. Saperstein, you talked about rural broadband, and you made a very interesting comment. You talked about the investment from rural Minnesota into the metro. Can you give the Chair and I some type of idea how we can convince those members of Congress? There are more of them that represent the Metro or the areas that are heavily populated. If you were in our shoes, how would you convince the metro legislators on working from rural in?

Mr. SAPERSTEIN. Sure. And thank you for the question.

I think economic growth would be the way that I would go about doing that. And the moving forward framework does this because it invests in a robust fiber-fueled broadband infrastructure throughout our Nation.

So the more people that come online, not only do you have the construction projects that are going to fuel the fiber development because we are going to be stringing miles and miles of fiber as a result of this, but you also have all of the spillover benefits. You have a 5G economy that is going to come online as a result of this that is going to unleash who knows what when it comes to economic potential. But I can tell you this, that if the rural areas are not connected, they are not going to be a part of that. And so that is why we commend the Committee for looking at this moving forward framework. And think about all of the economic opportunity. You know, 50 percent of home businesses, over 50 percent are women owned. So that brings another generation of potential entrepreneurs into the workforce. So, the economics compel us to invest in our broadband infrastructure today.

Mr. STAUBER. That is music to both of our ears. That is critically important.

Both the Chair and I held broadband meetings in rural communities and that is exactly what they said, do not forget about us. Our rural hospitals, our rural schools are just as important, and we need to protect that.

I am going to make a final statement, and I am going to attribute this statement to Neel Kashkari. He is a member of the Federal Reserve out of Minneapolis. He and I were talking about this subject, about rural broadband, and he made this statement. He said, at some point in the government's history, they made the decision that every mailbox mattered. Every mailbox mattered. And I equate that to every household matters, whether you are in Grand Marais, Baudette, Minnesota, or Willmar, Minnesota, rural areas, they matter. And I just really appreciate, I can tell your enthusiasm for it because Jared and I, Mr. Chair and I are all over this to be able to make sure that rural broadband, it is not a luxury anymore. It is a necessity for people. It is a necessity for small businesses to move out to rural America and live our quality of life. And I appreciate your enthusiasm.

And Mr. Chair, thank you to all the witnesses, and I appreciate the extension of the time.

Chairman GOLDEN. Of course. Thank you very much.

Something you might not know about Maine, we actually passed a law in the state legislature having to do with mining that was widely believed to set the standard for labor and environmental protections along with mining. So, something for you to look at in your work in Minnesota. And I think the point is taken, 5G, these

iPhones that everyone is dependent upon these days, solar panels and others, all involving minerals, very important.

I am going to probably wrap it up here with just a few more questions starting with broadband. One of the issues that we have talked about here in the Committee had to do with mapping. Recently, the FCC approved a Rural Digital Opportunity Fund. They would go ahead and use reverse auctions to disburse about \$20 billion over 10 years for broadband. And I am glad that the FCC is going to support this rural broadband infrastructure investment, but I do have some concerns. And I will start with the fact that they are looking at frontloading the bulk of the funding in the first phase before the FCC's planned update to its broadband maps will be ready. We have found in the Subcommittee and in our hearings and in our work around the country really, that the mapping data is just very inaccurate, and it is a big problem. So, of course, I am concerned that they are going to make the bulk of their investment in areas that may very well already be served and leave out the communities that are most greatly underserved. And I wanted to ask your opinion about this. Is this something Congress should be looking into? What can we do to make sure the investment is made where it needs to go?

Mr. SAPERSTEIN. Sure. And thank you, Chairman, for the question.

So, we commend Congress for taking a hard look at the broadband mapping because we, too, at USTelecom have done a deep dive into this. In fact, we sponsored a pilot project, the Broadband Mapping Initiative to take a look at what are the hidden unserved pockets out there? And people who may live next to a served house may find themselves observed and it creates a situation where it is hard to figure out exactly where the service needs to go.

The Rural Digital Opportunity Fund that you mentioned I think does one thing important. You mentioned that the FCC has taken a step to improve their broadband mapping. In the interim, the first phase of the Rural Digital Opportunity Fund, it focuses on the areas that are completely unserved. So, we do not have to worry about overbuilding at that step. At USTelecom, one of the things that we said to the FCC in particular was that the number of hidden unserved Americans may be very high. And so, we have asked, and I think the FCC committed in their most recent order to re-evaluating the budget for phase two if, indeed, the maps show that the number of truly unserved is higher. So, we are appreciative of that.

Chairman GOLDEN. Thank you very much for that.

I also wanted to ask, Ms. Frazier, high-priority infrastructure needs in Maine. You advise a lot of different people around the state, different businesses. What do we need most in Maine? It's a very open-ended question.

Ms. FRAZIER. Yes, it is.

I think we most need reliable funding so that we can create a strategic plan and best decide where to put those dollars. I mean, right now our DOT commissioner said our 3-year plan is really a 2-year plan worth of projects but that is all we can afford. So, we need to understand what reliable source of funding is coming and

then choose our priorities for there. Of course, roads are the most visible and bridges. So that would be my vote.

Chairman GOLDEN. Point well taken. Before the commissioner of the Main DOT can make a good plan like that, he needs to know what the feds are going to do as well.

Ms. FRAZIER. Exactly.

Chairman GOLDEN. We are all going to continue to be optimistic about Infrastructure Week actually occurring. That would be an important move. Which is why we have had the hearing.

I will just throw out one last question for you, Ms. Jacobson. You talked in your plan about the last 10 years of renewable energy. What do you want to see most? What is the most important investment for the next 10 years of renewable energy?

Ms. JACOBSON. Well, I think it really does involve public-private partnerships. I mean, what has dominated the last 10 years and maybe mostly in the last 5 years is what I described earlier, is corporate procurement of renewable energy of all resources. And I think as many companies, and certainly in Minnesota and in Maine, you have companies that are looking to procure clean energy and more and more and more of it. But nationally, last year in 2019, it was about 18 gigawatts of corporate PPAs signed, and you know, that represents just about half of the demand for renewable energy nationally in a given year. I mean, the projects do not happen in the same time period, but it is a forward-looking signal. So, I think we need to have continued opportunity for research, development, and deployment from the Federal Government. We need to look at sensible tax policy which has really fueled renewable energy deployment and cost reductions, and we have to focus on the private sector. What does the private sector need to get access to clean energy?

Chairman GOLDEN. Thank you very much.

On that final note, we have some important tax credits that we did not take action on to extend some of these investments in renewable energy, so hopefully something Congress can work together on as well in 2020.

I want to thank you all again for your testimony and a great conversation. I think we do it a little bit differently on this Subcommittee sometimes. It is an open-ended conversation between all of us. So, thank you for joining us.

Just as a closing statement, investments, what we have heard today, there are obvious investments in our infrastructure. Just a great opportunity to help small businesses grow, not just in Maine and Minnesota but over the entire stretch of the country.

Pete, what do you think?

Mr. STAUBER. Thank you, Mr. Chair. And as we wrap it up, I really appreciate your testimony. Each one of you spent some time and money and energy to get here. While your testimony was going on, I hope you saw us just nodding. We are all in the same boat here. I just really appreciate what you are saying. It affirms, it reaffirms what we are hearing in our districts and across the Nation. Our hearing in Maine, Ms. Frazier, we heard the same thing as we did in mid-Minnesota. The same concerns from the small business owners, the men and women who own a small business who are the engine of our economy; right? So, I think this is an issue that we

can tackle and there are so many nonpartisan or bipartisan issues that we can work on in Congress and these are certainly many of them. So, I want to thank each and every one of you for your time.

Chairman GOLDEN. Let me go and ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

And without objection, so ordered.

Thank you very much. I appreciate it.

[Whereupon, at 14:08 p.m., the subcommittee was adjourned.]

A P P E N D I X



Washington Office
101 Constitution Ave., N.W.
Suite 375 East
Washington, D.C. 20001
(202) 789-7850
Fax: (202) 789-7859

Moving America's Infrastructure Forward

Thursday, February 27, 2020

Committee on Small Business

Subcommittee on Contracting and Infrastructure

U.S. House of Representatives

Ms. Lynn Frazier P.E., A.M.ASCE

Director of Business Development

James W. Sewall Company

Old Town, ME

On Behalf of the American Society of Civil Engineers

Introduction

Chairman Golden, Ranking Member Stauber, and members of the Subcommittee, thank you for inviting me today for this important discussion on the nation's infrastructure. My name is Lynn Frazier, and I am a civil engineer based in Enfield, Maine and a Past-President of the American Society of Civil Engineers' Maine Section. I am currently a transportation engineer for a small engineering firm headquartered in Old Town, Maine and sit on the Board of the Maine Chamber of Commerce. In my capacity on the Board of the Maine Chamber of Commerce I am able to help shape the direction of Maine's largest business group and advocate for the investments in our infrastructure that are necessary to attract and grow local businesses.

Today, I am appearing on behalf of the more than 150,000 members of the American Society of Civil Engineers (ASCE)¹ and I appreciate the opportunity to submit our position on the importance and economic impact of long-term, strategic investment in our nation's infrastructure systems. ASCE has long been an advocate for maintaining and modernizing the nation's infrastructure. Founded in 1852, ASCE is the nation's oldest national engineering society representing the civil engineering professionals who serve as stewards of infrastructure here in the U.S. and around the world. ASCE is eager to work with Congress to find ways to further improve our nation's vital infrastructure systems and we thank you for examining this important issue.

America's infrastructure includes highways, streets, public buildings, mass transit, ports, airports, inland waterways, water systems, waste facilities, dams, levees and other public and private facilities. Although taken for granted, the nation's infrastructure is vital to the nation's public health and welfare. It is also the foundation on which our national economy, global competitiveness, and quality of life depends. Historically, our nation has invested in infrastructure projects with long-term benefits, such as the Hoover Dam and Interstate Highway System, that strengthened the economy while the project was being designed and built, and for generations to come.

For the U.S. economy to thrive, we need a first class infrastructure system that moves people and goods sustainably, efficiently, and affordably by land, water, and air; energy transmission systems that deliver clean, dependable, low-cost power; and water systems that reliably and safely drive industrial processes as well as the daily functions of our communities. Yet today, our infrastructure systems are failing to keep pace with current and expanding needs, as investment in our infrastructure falters.

If we are to achieve lasting progress for our infrastructure, the federal government must provide critical leadership and commit to not only financing infrastructure programs, but to funding them. Congress must do its part to enact long-term solutions, make regular and robust appropriations, and maintain scheduled reauthorizations for the Water Resources Development

¹ ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 150,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code. www.asce.org.

Act, the Fixing America's Surface Transportation Act, and the myriad of other pieces of legislation that sustain our infrastructure. Further, all levels of government and the private sector must do its part to increase investment in order to restore America's world-class infrastructure.

ASCE's 2017 Report Card for America's Infrastructure

Every four years, ASCE publishes the *Infrastructure Report Card*. The Report grades 16 major infrastructure categories using a simple "A" to "F" format and examines current infrastructure conditions and needs, assigning grades and making recommendations on how to raise them. Through this format, ASCE works to raise awareness for the public on the current state of our nation's infrastructure system, as well as the most pressing infrastructure challenges. While some incremental progress has been made since ASCE released its first Infrastructure Report Card in 1998, as a nation we still have a long way to go to ensure our country can compete in a global economy.

Most recently, ASCE's 2017 *Infrastructure Report Card*² rated the overall condition of the nation's infrastructure a cumulative grade of "D+," with an investment gap of \$2 trillion. As our infrastructure continues to age, and investments do not keep pace with needs, the gap between identified investments and the public commitments to meet those needs only widens every year.

To quote the Maine Department of Transportation Commissioner, Bruce Van Note, "the reality is that we are now competently managing a slow decline of our transportation system until bipartisan funding solutions materialize, the system will not fail immediately, and we will do our best to avoid any serious safety impacts, but holding actions only work for a short time and the reliability of the system will suffer." The bleak reality is the case for infrastructure systems across the entire country.

Beyond the national Report Card, ASCE has issued a number of state infrastructure assessments. These reports prove to be a useful tool to examine how states are finding solutions for fixing and funding their infrastructure systems. The investments and innovations occurring at the state level can act as a testing ground as the federal government examines national solutions for our infrastructure.

The Maine Section of ASCE released a *Report Card for Maine's Infrastructure* in 2016, which rated the state's infrastructure a cumulative grade of "C-." Of the 14 categories graded in the Maine Report Card, only two infrastructure categories (energy and ports and waterways) were graded in good condition, while eight categories ranged in the fair to mediocre range, and four categories were considered in poor condition (dams and levees, municipal wastewater, passenger transportation, and roads). The Maine Report Card, like all of ASCE's state report cards, also highlights infrastructure innovations and successes that are taking place and could serve as examples at the national level. For example, in Maine the City of Biddeford embarked on an extensive redevelopment project at the site of an old waste incinerator. Through the use of a public-private partnership my firm was able to work with the city to attract \$100 million in private investment to construct new public parking facilities, public parks, and housing. However,

² <https://www.infrastructurereportcard.org/>

while this redevelopment is an exciting opportunity, it should be noted that private, or additional state investment, cannot supplant reliable federal funding.

The Maine Section kicked off its update for the Maine Report Card earlier this month and we expect to release the new report later this year. Meanwhile, ASCE will release a new national *Report Card for America's Infrastructure* in February 2021. We hope that both of these reports can continue to move the national conversation about our infrastructure needs, as well as provide solutions for how to raise the grades.

Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future

In 2016, ASCE released *Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future*³. This economic study analyzed the impact of current infrastructure investment trends on America's GDP, jobs, personal income, and businesses. The report found that over the next 10 years, surface transportation networks, which includes roads, bridges, transit, and commuter rail face an investment gap of \$1.1 trillion. Airports require an additional \$42 billion to close the funding gap, and inland waterways and ports needs \$15 billion.

In total, ASCE 2017 *Infrastructure Report Card* shows that the U.S. has only been paying about half of its infrastructure bill. Between 2016 and 2025, the investment gap totals just over \$2 trillion. Failing to close that gap risks rising costs, falling business productivity, plummeting GDP, lost jobs, and ultimately, reduced disposable income for every American family. Our economic analysis shows that by 2025, infrastructure will continue to degrade, resulting in a loss of 2.5 million jobs, \$3.9 trillion in GDP, and \$7 trillion in lost business sales. In addition, poor infrastructure costs each American family \$3,400 a year, which is \$9 a day, in personal disposable income. That's money we are spending on unexpected car repairs, watermain bursts, and lost productivity as we sit and wait for the train. For these reasons alone, it is time to invest in our nation's infrastructure. The longer we wait, the more it will cost each American family.

More specific to the business sector, our failing infrastructure has led to increased production costs, declining exports, increased cost of business travel and declining consumer spending. These impacts are rendering U.S. goods and services less competitive internationally and are falling disproportionately on technology and knowledge-based industries that drive innovation and economic development.

In Maine for example, failure to invest properly in the Penobscot River Valley rail connections has led to freight trains being forced to a speed limit of 10 miles per hour from formerly prosperous paper mill towns that desperately needs economic investment. Unfortunately, the slow train speeds have made it difficult to attract new manufacturers, since freight must be shipped out via truck. Meanwhile, the companies that are still in the area are now relying on trucks, which has led to increased congestion on local roads, an increase in traffic accidents, and significant maintenance needs due to the heavy freight volume.

³ Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future. (2016) www.asce.org/failuretoact

Meanwhile, Maine has invested heavily in its ports over the past decade and that investment is paying off. Six years ago, Emskip made Portland its U.S. headquarters, a move that has significantly grown the number of exports going through the port and has created many well-paying jobs. Maine now has the potential to be a global exporter of specialty goods and regional companies are utilizing the weekly vessel service to increase their customer base with European markets.

So, while the problem remains significant, it is solvable. Through strategic, sustained investment, bold leadership, thoughtful planning, and careful preparations for the needs of the future, America's infrastructure can be improved and restored. By spending an additional \$206 million each year, for 10 years, we can close the investment gap, raise the nation's infrastructure grades and maintain our global competitiveness. That additional funding should come from all levels of government – federal, state, and local – as well as the private sector.

ASCE is currently in the process of updating the *Failure to Act* reports and will be releasing updates throughout 2020.

Fundamental Criteria for Future Infrastructure Investment

In order to raise the grades, ASCE believes that all infrastructure programs and projects supported by infrastructure investment legislation must meet the following fundamental criteria:

- Investments must provide substantial, long-term benefits to the public and the economy;
- The cost of a project over its entire life span – including designing, building, operating, and maintaining the infrastructure – must be taken into account;
- Projects should be built sustainably and resiliently; and
- Federal investment should leverage state, local, and private investment, not replace these other critical sources of infrastructure funding.

Recent proposals by the Administration and House Democrats, as well as the bipartisan, multi-year surface transportation bill passed out of the Senate Environment and Public Works Committee all would make critical investments in our nation's infrastructure and follow these criteria. As shown by the *Failure to Act* reports, Americans cannot afford more of the status quo and the longer we continue to underinvest, the longer American families are forced to spend at least an additional \$3,400 a year due to leaky water pipes, deficient bridges, congested highways, outdated transit systems and an unreliable electric grid.

ASCE was pleased to see the framework from the House Democratic Caucus proposing a bold vision to address the needs of our nation's infrastructure. The proposal is an encouraging first step and serves as a strong template as Members of Congress develop infrastructure legislation this year.

In particular, ASCE is pleased to see additional funding for the Harbor Maintenance Trust Fund for the operations and maintenance needs for ports, and the ability to increase the Passenger Facility Cap to modernize the nation's airports both included in the framework. ASCE is also encouraged to see that the proposal would boost resilience by creating a new program to protect fragile or at-risk transportation assets before they fail.

However, ASCE would urge lawmakers to find a long-term solution to the Highway Trust Fund and ensure the federal government's role in infrastructure investment is not replaced by state, local, and/or private funding in any forthcoming legislation. The federal gas tax has not been increased since 1993, which has resulted in the purchasing power of that revenue exponentially declining over the past couple of decades. Combined with more fuel-efficient vehicles and the introduction of electric vehicles (EVs), revenues from the motor fuel tax will only further decline unless Congress addresses the issue. For this reason, ASCE advocates for a 25 cent increase in the federal motor fuel user fee, indexed to the Consumer Price Index, over the next five year. Additionally, to ensure the Highway Trust Fund remains sustainable as the nation's fleet slowly moves toward electric vehicles, ASCE also advocates for a tax on EVs to account for their use of the roadways and urges Congress to establish a broad national pilot program to better understand how a Mileage-Based User Fee could be implemented.

With this in mind, as Congress works to develop an infrastructure bill, ASCE urges lawmakers to draft legislation that addresses the following priorities:

- Fixes the Highway Trust Fund to modernize our nation's roads, bridges, and transit systems.
- Eliminates the cap on the Passenger Facility Charge to modernize our nation's airports.
- Puts trust in the Harbor Maintenance Trust Fund by fully appropriating the Harbor Maintenance Tax collections each year.
- Addresses resilience, sustainability, and total life-cycle cost of an asset.

Both the House Democrats framework, and the House Republican's principles for surface transportation reauthorization hit on many of ASCE's priorities. Therefore, we encourage Members of Congress to develop bipartisan legislation that addresses each of these critical priorities and makes real progress toward modernizing our nation's infrastructure.

Conclusion: A 21st Century Vision for America's Infrastructure

ASCE thanks the Subcommittee for holding this hearing on a topic that affects the quality of life and livelihood of every American.

In the 21st century, we see an America that thrives because of high quality infrastructure. Infrastructure is the foundation that connects the nation's businesses, communities, and people – driving our economy and improving our quality of life. For the U.S. economy to be the most competitive country in the world, we must have a first-class infrastructure system: transport systems that move people and goods efficiently, at reasonable cost by land, water, and air; transmission systems that deliver reliable, low-cost power from a wide range of energy sources; and water systems that drive industrial processes as well as the daily functions in our homes.

We must commit today to make our vision of the future a reality – an American infrastructure system that is the source of our prosperity. ASCE and its 150,000 members look forward to working with the House Small Business Subcommittee on Contracting and Infrastructure to improve America's infrastructure so that every family, community, and business can thrive.

Testimony of Lisa Jacobson, President, Business Council for Sustainable Energy

**United States House of Representatives
Committee on Small Business
Subcommittee on Contracting and Infrastructure**

Hearing on "Moving America's Infrastructure Forward"

February 27, 2020

Chairman Golden, Ranking Member Stauber, and Members of the Subcommittee, thank you for the opportunity to testify today on the importance of U.S. infrastructure in supporting continued growth of clean energy sectors.

My name is Lisa Jacobson, and I serve as the President of the Business Council for Sustainable Energy, or BCSE. On behalf of the Council, I would like to express the organization's appreciation for the longstanding work of the Small Business Committee and the leadership of the Subcommittee on Contracting and Infrastructure related to the federal government's role in improving our nation's infrastructure assets.

Upgrades and investment in infrastructure have broad bipartisan support. Investment in American infrastructure will improve the nation's economic competitiveness, it will increase our national security and resilience, and has the potential to create tens of thousands of jobs.

Small businesses comprise more than 99% of U.S. companies and employ 47.5% of the American private-sector workforce.¹ As the clean energy economy continues to grow, so too will the economic impact of small businesses in these sectors. Maintaining modern, safe and reliable infrastructure enhances the ability of businesses to succeed.

My remarks will focus on the rapid changes in the U.S. energy economy and the importance of energy infrastructure investments.

About the BCSE

BCSE is a coalition of companies and trade associations representing the energy efficiency, natural gas and renewable energy sectors. Founded in 1992, the Council advocates for policies that expand the use of commercially available clean energy technologies, products and services. Its membership includes project developers, industrial manufacturers, equipment and technology providers, independent electric power producers, investor-owned utilities, public power and energy and environmental service providers.

BCSE is pleased to have an independent initiative under its banner, the Clean Energy Business Network (CEBN). CEBN represents small- and medium-size businesses providing clean energy technologies, products and services.

¹ <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

Together, BCSE and CEBN represent a broad scope of the clean energy economy, from Fortune 200 companies to small businesses working in all 50 states and over 350 Congressional districts. On a national basis, the energy efficiency, natural gas and renewable energy sectors support over 3.2 million U.S. jobs and it is estimated that 70% of these jobs are in small businesses.

BCSE and CEBN members have a wide range of policy interests. As broad-based coalitions of businesses and trade associations, not all BCSE and CEBN members take positions on or endorse the views offered in this testimony.

The U.S. Energy Transformation: 2010 to 2019

To set the context for the policy perspectives offered in my testimony, I will present some of the findings of the [2020 Sustainable Energy in America Factbook](#). The *Factbook* is a report produced by the Business Council for Sustainable Energy and Bloomberg New Energy Finance. Now in its eighth year, the report details the significant transformation of our nation's energy sector.² The 2020 edition was released earlier this month and provides both a ten-year retrospective between 2010-2019 as well as year on year changes from 2018 and 2019. A complementary compendium from CEBN entitled [Faces Behind the Facts](#) highlights some of the small to medium-sized clean energy entrepreneurs who are helping to drive this transformation.

The 2010s was a rapid period of change in the energy sector, and particularly for the portfolio of energy efficiency, natural gas and renewable energy. This clean energy portfolio represents the growth sectors of the U.S. energy economy, and now supplies more than half of U.S. electricity and employs over 3.2 million American workers.

During this period of energy transformation, the U.S. economy experienced sustained economic growth, falling greenhouse gas emissions and low energy costs for consumers. Other key characteristics of this period include the ability of the U.S. economy to do more with less energy and a clear decoupling of GDP growth with energy use. Further, in the 2010s, renewable energy and energy-smart technologies expanded and attracted \$390 billion in investment, with a record breaking \$55 billion in investment in 2019 alone.

Additional findings from the 2020 *Factbook* include:

- **Clean energy is now driving the U.S. energy sector.** Sustainable energy meets and exceeds America's needs in terms of maintaining grid reliability and safety, while boosting economic growth and reducing environmental impacts.
- **Today the cheapest energy is also the cleanest.** Retail electricity costs fell, while consumers have the same services and, in some cases, more options. Consumers are now spending 22% less on energy, on average, compared to the start of the decade.
- **Energy efficiency choices have proliferated,** with federal programs helping high-efficiency appliances reach mass markets and state codes bolstering building efficiency.

² <https://www.bcse.org/factbook/>

- **The economy grew every year in the past decade and energy use fell in five of the ten years.** U.S. energy productivity (GDP/energy consumption) improved 18% between 2010 and 2019, benefiting businesses and households.
- **Renewable energy became the cheapest new generation source in many U.S. power markets.** The U.S. has over 2 times more renewable power generating capacity today than a decade ago. The portfolio of renewable energy technologies – biomass, biogas, geothermal, hydropower, solar, waste to energy and wind now provide 18% of U.S. electricity, up from 11% at the start of the decade.
- **Between 2010 and 2019 domestic natural gas production jumped 50%,** and natural gas went from providing 24% of the nation's electricity to 38%. The U.S. increased its export capacity to exceed its import capacity, building stronger trade relationships around the world. In 2019, the U.S. exported more gas than it imported. Further, the number of residential natural gas customers grew by 8% in the last decade while overall residential consumption of gas rose by 5% due to energy efficiency.

The Growth Opportunity for Small Businesses in the Clean Energy Economy

As I noted earlier, BCSE has an independent, small business-focused subsidiary Clean Energy Business Network (CEBN). CEBN has a network of more than 3,000 business leaders in all 50 states—and this is only the tip of the iceberg among the over 3.2 million Americans working across the clean energy economy.³

The clean energy economy is powered by businesses like Cerahelix in Maine, located within Subcommittee Chairman Golden's district. With support from the Department of Energy (DOE), Cerahelix has developed a novel membrane technology that assists with a variety of wastewater reuse applications, including waste-to-energy production.

The clean energy economy is also powered by entrepreneurs like Ski Milburn in Boulder, Colorado, who, leads VAIREX Air Systems. VAIREX has developed a novel way with DOE support, to supply air for the chemical reactions in fuel cells that improves its efficiency. Of relevance to the topic of today's hearing, VAIREX is now winning contracts with major fuel cell suppliers working with fuel cell buses and trucks – as well as a range of other applications.

In 2017, CEBN surveyed its membership to assess the needs and priorities of small clean energy businesses.⁴ When asked about the most significant challenges facing their businesses, policy was at the top of the list for many. This includes supportive policies that spur investment to modernize and expand U.S. infrastructure.

³ <https://www.cebn.org/cebn-overview-for-policymakers/>

⁴ <https://www.cebn.org/faces/biojoe-beth-renwick/>

Energy is Critical Infrastructure, and Powers Critical Infrastructure

Energy powers our lives and is at the heart of the U.S. economy.

The extensive power grid and natural gas system in the U.S. have fueled the nation's economic growth and ensured its global competitiveness. However, the country's energy infrastructure lacks the required attributes necessary to meet the demands of the 21st century.

In addition, the U.S. economy and its energy infrastructure are becoming more digitally driven. Ensuring the resilience and "smartness" of our energy infrastructure, in the face of numerous threats – from natural disasters and extreme weather to cyber security and terrorism is now more critical than ever.⁵

It is estimated that the U.S. has a \$5 trillion gap in funding for infrastructure investment between now and 2040,⁶ and identifies a need for over \$565 billion in additional energy infrastructure spending alone.

This spending gap exists even with U.S. electric and natural gas utilities already spending hundreds of billions of dollars annually on infrastructure. To effectively address this gap, the public and private sectors must work together to update market rules and to establish modern policy frameworks. This should include market structures that facilitate long-term planning and infrastructure investment as well as creating market signals for investments in energy efficiency.

This public-private collaboration can help ensure the delivery of affordable, reliable, and clean energy products and services to businesses and households. Public-private partnership is also vital to the operation of other essential infrastructure systems, including security, water and waste management, transportation, communications, the built environment, and industrial sectors.

Please read *BCSE Principles on Federal Energy Infrastructure Priorities* for more information on the Council's views on federal infrastructure issues.⁷

Perspectives on the "Moving America and the Environment Forward Framework"

BCSE appreciates the serious consideration Congress is providing to modernizing and investing to improve and expand U.S. infrastructure. This objective is of prime importance to clean energy sectors. The federal government plays a unique role in that it can enable policies that will incentivize and leverage private sector participation and capital that will spur even greater improvement of our nation's infrastructure.

⁵ See *BCSE Principles for Federal Energy Infrastructure Priorities*, <https://www.bcse.org/images/2019%20FPC/BCSE%20Principles%20on%20Federal%20Energy%20Infrastructure%20Priorities.pdf>

⁶ <https://www.infrastructurereportcard.org/>

⁷ <https://www.bcse.org/images/2019%20FPC/BCSE%20Principles%20on%20Federal%20Energy%20Infrastructure%20Priorities.pdf>

The *Moving America and the Environment Forward* framework provides a broad set of proposals. BCSE and CEBN look forward to reviewing these proposals and providing feedback to Congress in the coming months. BCSE appreciates the framework's recognition of the energy system as a critical infrastructure asset and supports the framework's consideration of climate change and resilience as part of its proposals.

The *Moving America and the Environment Forward* framework includes several elements that are of interest to BCSE and I will discuss a few of them today:

Siting, Permitting, and Regulatory Reforms – Streamlining of siting and permitting processes for electric grid, electric transmission, natural gas pipelines, power generation, hydropower projects, energy storage, and materials management are critical for infrastructure investment. Further, federal government leadership is needed to promote and adopt policies that foster effective transmission and infrastructure planning. This includes ensuring that clean energy projects can be developed by implementing workable regulations for federal land management, wildlife, military, and aviation interactions.

Resilient Infrastructure Investments – BCSE and its members worked to improve the resilience of federal infrastructure investments through policy advocacy and resilience planning projects. Specifically, BCSE supported the enactment of the Disaster Recovery Reform Act (DRRA) in 2018⁸ and is currently working to implement the Building Resilient Infrastructure and Communities program that was established as part of the DRRA.⁹ Under these programs there are opportunities to support pre-disaster investment to enhance the resilience of critical infrastructure as well as to reform the federal regulations that enable projects to "build back better." It is essential that federal programs and resources be able to utilize new and improved technologies, materials and applications. BCSE has also worked at the local level in Texas and Puerto Rico as a partner in a Readiness for Resilience project.¹⁰ This initiative is helping communities impacted by hurricanes Harvey, Maria and Irma in 2017 with resilience planning across many areas of focus – telecommunications and energy in particular. These experiences confirm BCSE's view that infrastructure planning and investment should consider opportunities to enhance resilience and support public private partnerships.

Clean Energy and Energy Efficiency Infrastructure – The *Moving America and the Environment Forward* framework includes several areas to accelerate the deployment of clean energy technologies and resources in the energy, transportation and buildings sectors. Specifically, the framework includes \$4 billion to support electric grid security, resilience and modernization. It also includes over \$20 billion for programs to improve the energy efficiency, including weatherization, building retrofits and community level projects.

Infrastructure Financing Tools – To catalyze the capital investments needed in U.S. infrastructure, Congress should seek to strengthen and expand existing financial tools and

⁸ <https://www.fema.gov/disaster-recovery-reform-act-2018>

⁹ <https://www.bcse.org/bcse-urges-fema-to-include-clean-resilient-energy-infrastructure-for-disaster-mitigation-july-15-2019/>

¹⁰ <https://www.bcse.org/readiness-for-resilience-project-hosts-workshops-in-texas-july-9-2019/>

consider new mechanisms. These tools should catalyze and leverage private sector investment. Related to this, municipal facilities make up a significant portion of infrastructure assets, and proposals should consider investment and support in municipal projects – this spans waste, water, transportation, lighting and energy infrastructure. Financing is often cited as a key barrier when retrofits are being considered by building owners and managers, but market-based alternatives exist to attract and leverage private capital. Energy Savings Performance Contracts (ESPCs) are an established and widely accepted private financing mechanism that is used to alleviate capital costs especially in the education, healthcare sectors and at the federal, state and municipal levels of government. Additional solutions that spur lower-cost financing such as loan guarantees or bonding authority for projects are needed. This can be achieved through the tax code, infrastructure banks, or other means. For some sectors, research, development, and deployment funding should also be provided.

Conclusion

The last decade has demonstrated that energy is critical infrastructure. Further, the U.S. energy sector is undergoing a fundamental transformation that is powered by a robust, affordable, reliable and clean portfolio of commercially available energy resources. Clean energy sectors provide over 3.2 million U.S. jobs, with about 70% of those jobs in small businesses.

Modern, safe, resilient and reliable infrastructure underpins a growing economy. The federal government has a role to plan to assist with planning and financial tools to catalyze private sector investment.

The *Moving America and the Environment Forward* framework is a comprehensive approach to address the challenges and opportunities the country faces as it strives to modernize and strengthen its infrastructure, across the economy. BCSE looks forward to working with Congress as it reviews this proposal.

Thank you.



"Moving America's Infrastructure Forward" Hearing
 Testimony of Mike Saperstein
 Vice President, Strategic Initiatives & Partnerships
 USTelecom – The Broadband Association

Before the
 United States House of Representatives
 Committee on Small Business
 Subcommittee on Contracting and Infrastructure

Chairman Golden, Ranking Member Stauber, and other distinguished Members of the Subcommittee, thank you for the opportunity to testify at this important hearing on how federal infrastructure investment can support small business job creation and increased connectivity in the United States.

I am Mike Saperstein, and I represent USTelecom – The Broadband Association, the nation's premiere trade association for the broadband providers, suppliers, and innovators bringing high-speed internet and future-focused connectivity to families, communities and enterprises here in America and around the globe. Our diverse membership ranges from large publicly traded global communications providers, manufacturers, and technology enterprises, to local and regional companies and cooperatives – all providing advanced communications services to customers nationwide – urban, rural and everything in between.

Thank you for focusing this hearing on how investing in infrastructure impacts the small businesses, entrepreneurs, and startups that are the backbone of the American economy. USTelecom shares Congress's goal to connect every single American to the internet – the 21st century's indispensable resource – no matter their zip code. A meaningful infrastructure bill will recognize there are numerous factors that must be addressed to narrow the digital divide. It will support robust and targeted broadband deployment via direct funding and also make regulatory changes to remove barriers to broadband deployment. Smart, connected solutions must be an integral part of every mile of American infrastructure constructed or reconstructed in the coming years. By investing in America's broadband infrastructure today, Congress can set the foundation for generations of commercial growth.

Many members of our association are actually multi-generational local businesses from our nation's heartland with a history of entrepreneurship and innovation that have underpinned economic growth and job creation in the communities they serve.

Silver Star Communications, a telephone and internet service provider in Wyoming and Idaho, is one such small business that traces its roots to 1948 when they connected rural farmers over telephone wires atop a barbed wire fence. The company once shared: "Service outages happened when a farmer moved the cows and forgot to reconnect the jumper at the gate."



Infrastructure and technology may have changed, but today that small business serves nine rural counties across 17,000 square miles and was the first provider in the state to deliver gigabit internet service to residential customers over a fiber optic network.

My point is this: small companies and digital connectivity businesses are not mutually exclusive. In fact, modern economic opportunity is fundamentally dependent on access to the greatest American innovation of the past century, the internet. With 50% of small businesses based out of the home,¹ we have an imperative to enable the next generation of entrepreneurship by making sure all Americans have access to broadband wherever they may work or live. The Small Business Administration (SBA) estimates that “the industries in which businesses are most likely to be home-based are information (70.0%), construction (68.2%), and professional, scientific, and technical services (65.3%),” all of which rely on broadband connections and some of which are completely dependent upon them. As internet-based applications continue to skyrocket, so too has the potential for commerce. There has never been a greater need for robust, secure and reliable internet access to connect with potential customers and business partners around the globe.

The Moving Forward Framework

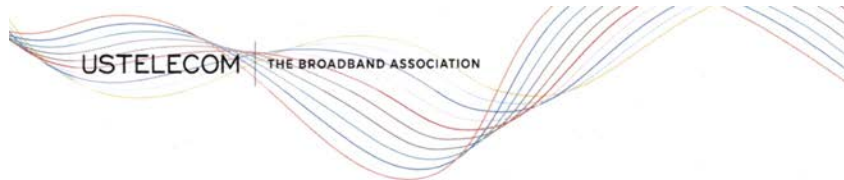
Broadband is as critical to America’s global competitiveness as reliable roads, bridges, water and energy systems. Indeed, broadband offers the possibility to connect Americans from all corners of the country with the click of a button bypassing roads and bridges altogether. We agree with the bipartisan belief that connecting unserved parts of America will require a smart and sustained partnership between government and broadband providers that prioritizes funding to communities on the wrong side of the digital divide. The Moving Forward Framework is a bold example of a game-changing down payment and, if implemented, would be an exemplary piece of legislation that targets many of the multifaceted challenges to universal broadband access and adoption.

The Framework’s investment of \$80 billion over five years to deploy resilient high-speed broadband infrastructure is a bold and necessary deposit to bring future-proof internet access to parts of the country where there may not be a viable business case to deploy next-generation networks. When combined with the \$76 billion-plus annual private investment from broadband providers², these finite government dollars would better enable and deploy infrastructure to sparsely populated and geographically challenging communities.

Public-private partnerships, like the Framework proposes, are the most effective way to bridge the digital divide, and can be accomplished on the macro and micro level. The Federal Communications Commission’s (FCC) Connect America Fund (CAF) has taken on the same challenge of universal broadband service and enlisted the help of experienced internet service providers to do so. By the end

¹ U.S. Small Business Administration, Office of Advocacy, Frequently Asked Questions About Small Businesses (2018), <https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.

² USTelecom—The Broadband Association, U.S. Broadband Investment Continued Upswing in 2018 (July 31, 2019) <https://www.ustelecom.org/research/u-s-broadband-investment-continued-upswing-in-2018/>.



of this year, CAF Phase II deployment, largely by USTelecom's members, will have brought high-speed connections to over 3.6 million homes and small businesses in 24 states and one U.S. territory.³ The FCC's recently adopted Rural Digital Opportunity Fund will allocate \$16 billion in funding to unserved areas over the next 10 years via a competitive auction by the end of 2020. These are substantial steps towards a more connected nation that harness the power of American businesses by providing a direct subsidy to support broadband in areas that are otherwise uneconomic to serve. Indeed, many of America's broadband providers that will be tapped for this challenge are small businesses themselves.

On a local level, we have seen communities taking innovative approaches to public-private partnerships to enhance their connectivity. Last year, the town of Brooklin, Maine and Consolidated Communications developed a public-private partnership to creatively tackle broadband deployment to the coastal community.⁴ The community and Consolidated will share the cost of the incremental network build that will add fiber capacity, upgrade equipment and provide network back-up provisions, resulting in significantly faster and more reliable broadband connectivity. We have another similar success story in Chesterfield, New Hampshire.⁵ Public-private partnerships of all sizes, pairing willing governments and experienced broadband service providers as indispensable partners should be incentivized wherever feasible. These relationships provide the sustained commitment, technical know-how, operational expertise, and financial wherewithal necessary for successful deployment and maintenance of life changing communications infrastructure.

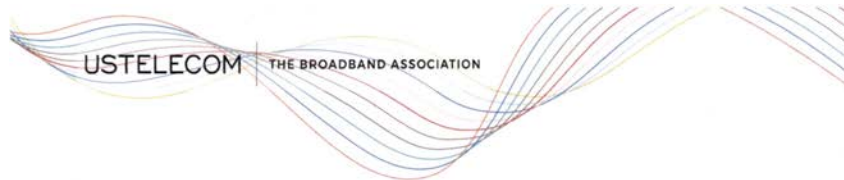
The details of the Framework's disbursement are critically important, and the new program it creates should be administered primarily by the FCC, the expert agency with experience developing and distributing targeted funding for broadband deployment. This year's Rural Digital Opportunity Fund can serve as a blueprint for awarding broadband funding in an efficient, competitively neutral manner.

Federal broadband funding should be targeted first to areas of the country truly unserved by broadband and not used to construct duplicative networks that overbuild a provider's existing infrastructure. We commend this subcommittee for already holding a hearing on broadband mapping this Congress, which we view as the first critical step to identifying who is served, and more importantly, who remains underserved in our country. Congress, the FCC and the Administration have recognized this as well and have made updating our country's mapping data a top priority.

³ Universal Service Admin. Co., CAF Phase II, <https://www.usac.org/high-cost/funds/caf-phase-ii/> (last visited Feb. 25, 2020).

⁴ Consolidated Communications, Press Release, Consolidated Communications Collaborates with Rural Maine Town on Creative Approach to Delivering High-Speed Internet Access to the Community (Apr. 8, 2019) <https://www.consolidated.com/about-us/news/article-detail/id/663/consolidated-communications-collaborates-with-rural-maine-town-on-creative-approach-to-delivering-high-speed-internet-access-to-the-community>.

⁵ Consolidated Communications, Press Release, Consolidated Communications Turning Up High-Speed Broadband Network in Chesterfield, N.H., (Oct. 23, 2019) <https://www.consolidated.com/about-us/news/article-detail/id/705/consolidated-communications-turning-up-high-speed-broadband-network-in-chesterfield-nh>.



USTelecom recently completed its Broadband Mapping Initiative,⁶ a pilot program conducted in Virginia and Missouri that harnessed big data and new technology to provide more visibility into the number and location of homes and businesses that remain outside the lines of our broadband economy. We found a margin of error up to 38% on the current federal methodology. In human terms, that's up to 445,000 homes inaccurately marked served in the two pilot states. We also found one in four unserved physical locations were misplaced on maps by more than a football field's length. That's a big difference as companies consider the cost of laying fiber to these locations.

Additionally, because the cost of delivering resilient and reliable broadband connectivity naturally varies (depending on factors like geography and population), legislation should establish reasonable and realistic service parameters for speed, latency and cost—and allocate funding accordingly. The goal should be to connect as many Americans as possible to fast and capable broadband that will allow them to communicate with their families, run their businesses from their home office, and utilize the next generation of applications. With our current limited resources we are continually mindful of the trade-offs between investing in future-proof, but more costly, networks, and ensuring all Americans have a baseline level of connectivity. The \$80 billion proposed in the Framework would fundamentally alter this calculation and provide a future-proof network in many of the areas where it has previously been unattainable.

USTelecom also appreciates the Framework's focus on adoption and digital equity. Our members' experience shows that broadband adoption, particularly in rural areas, can lag even once the connection is available. Allocating over a billion dollars in two different programs to promote digital equity at the state level and otherwise promote digital inclusion activities to catalyze adoption among covered populations is an important endeavor. The Framework understands that states and localities can perform a critical, more personal, role in allowing people to become comfortable and proficient using devices to access more information than ever before.

If the goal is to promote the next generation of small business entrepreneurs, we need to make sure they are fully proficient in the digital economy. This can include training on how to get online, what types of devices are best suited for their needs, and how to go about accessing key resources that may have previously been unknown—including the SBA's vast trove of offerings designed to help start-up businesses access capital, counseling and contracting. In the process, we are also providing an on-ramp to educate the next generation of start-ups. As more and more schools begin assigning homework via the internet, this focus is now critical to help students learn how to be citizens of the digital future as well as help their parents and grandparents familiarize themselves with new internet-connected capabilities. Digital learning does not stop at the classroom door.

The Framework also correctly incentivizes efforts to implement Next Generation 9-1-1 (NG 911) services so that our emergency response networks are as accessible, efficient and effective as possible. By issuing

⁶ USTelecom—The Broadband Association, Action Center: Broadband Mapping Initiative, <https://www.ustelecom.org/broadband-mapping-initiative-action-center/> (last visited Feb. 25, 2020).



\$12 billion dollars in grants for NG 911, Congress is taking an important step towards promoting a resilient life-saving network that will better enable our nation's first responders to reach those in need.

Continued Need to Remove Barriers to Deployment

An influx of \$86 billion for broadband investment would indeed be a transformative boost to American communications capabilities, but at the same time, Congress, state and localities need to focus on modernizing existing regulations to ensure infrastructure companies can physically deploy their networks as efficiently as possible when armed with this new capital. We risk precluding the next small business from meaningfully connecting to their clients or customers if common-sense modifications to railroad rights of ways or local permitting obstacles continue to stall deployment. State and local rights of way issues can impede the efficient deployment of broadband, therefore federal legislation should include a coordinated federal government effort to standardize and streamline permitting for wired broadband, wireless backhaul and tower connectivity. We must also be mindful to ensure that the rules of the road reflect today's changed and competitive marketplace and spur *continued investment* beyond the next five years in fiber to increase speeds and resiliency on existing networks. A holistic look at the deployment lifecycle will better connect everyone and every community in this country to the full potential of broadband—for local jobs and economic growth, for health care, for education, and for public safety.

Discordant pole attachment rates are another outdated regulatory structure in need of modernization. Poles are necessary infrastructure to broadband deployment, particularly in rural areas. Providers of telecommunications services attach network components such as fiber, coaxial cables, and wires to utility poles, which are typically owned and operated by electric or power utilities. The FCC has taken numerous steps to drive competitively neutral pole attachment rates, including most recently via a 2018 Order designed to remove barriers to wireline broadband deployment. Still, some pole attachment rates are not within the FCC's jurisdiction—particularly those owned by municipalities and cooperatives—and those entities continue to charge pole attachment rates significantly higher than in the areas under the FCC's control. These excessive pole attachment rates serve as a barrier to broadband deployment as money spent on pole attachments necessarily diverts from money spent on fiber facilities.

What this Investment would mean for the Future

In order to future proof this investment into American connectivity, Congress would be wise to prioritize terrestrial broadband infrastructure that will pave the way for a 5G future. Rural 5G connectivity cannot exist without a ubiquitous fiber backbone, and the faster we can deploy that essential component to both wireline and wireless communications, the sooner Americans living outside of urban areas will benefit from contemporary applications and services. 5G technology is only "wireless" for the last mile. So prioritizing investment in fixed broadband will be absolutely necessary to bring 5G and future iterations of communications technology to rural communities by laying a large amount of fiber infrastructure.



Universal internet access will level the playing field for all types of innovators and small businesses. Emerging 5G technology will be a critical driver of economic growth and job creation in the years ahead, especially for small businesses and sole proprietorships, unleashing a wave of new innovation that we cannot yet imagine. The global winner in this race will be the country that proves its commitment to innovation in the form of digital health, Artificial Intelligence, and the next groundbreaking application or disruptive process improvement brought to market by a small business in your district.

This connected future includes the Internet of Things and gives us the opportunity to consider how to make infrastructure like roads and bridges "smart" in the process. We should build terrestrial "broadband once" to make our infrastructure withstand the test of time.

Federal Leadership Is Necessary

There is broad agreement that major investment in our national infrastructure is long overdue. The Moving Forward Framework is a tremendous first step to a national infrastructure bill that narrows the digital divide to rural and other underserved communities, supports broadband deployment, modernizes networks and gets more Americans connected to the internet. As the Committee and Congress does its work, we must ensure the bipartisan drumbeat remains to ensure that every dollar you devote is used most efficiently, avoiding duplication, and targeted to the areas that are truly unserved.

The opportunities associated with accelerating rural broadband connectivity require an enduring public-private partnership. USTelecom and its member companies stand ready to work with this Committee, Congress, and the Administration to continue making significant steps to close the digital divide. A sustained effort will take time and resources, along with partnership, imagination and innovation, but these are essential if all Americans are going to have the opportunity to fully benefit from our nation's global digital leadership.

Thank you again for this opportunity.

February 27, 2020

RE: Congress of the United States, U.S. House of Representatives, Committee on Small Business
Subcommittee on Contracting & Infrastructure Hearing
"Moving America's Infrastructure Forward"

Mr. Chairman and Honorable Members of the Subcommittee, thank you for this opportunity to provide my testimony about the impact that infrastructure spending has on my construction company. Located in Superior, Wisconsin, we live in the border community known as the Twin Ports with Duluth, Minnesota. J.R. Jensen Construction Company employs 80 full-time, union employees and has revenues of \$25 to \$30 million. The markets we serve (in the order of emphasis) are Industrial, Energy, and Commercial construction. Our industrial markets include agriculture / grain handling ("CHS"), mining ("Cleveland Cliffs"), minerals processing ("Graymont"), and transportation such as railroads ("BNSF") and trucking firms. We also build facilities for Energy related clients, serving our regional pipelines ("Enbridge"), Superior's refinery ("Husky Energy"), and electric power utilities ("Minnesota Power"). Our valued clients often request we perform work throughout the Midwest, and we've constructed facilities in a 12-state region.

While most of our infrastructure work would be considered private spending, we have received contracts as a prime contractor and subcontractor to federal agencies including; US Army Corps of Engineers, US Coast Guard, and the National Park Service. Similarly, we have worked for a variety of State and

Local governments as well. So, we have experienced first-hand the tremendous, positive economic and social impacts of infrastructure spending whether private or public.

Everyone hears about the "ripple effect" of such spending, but we know it is true and I'd like to share some examples that we have personally observed, which are supported directly by infrastructure spending. We do make a point to buy local services and buy products made in the USA whenever possible, which my narrative shows and helps understand the direct, indirect, and broader impacts. Construction projects are accomplished with three main things; 1. Labor, 2. Materials, and 3. Equipment.

1. Labor. Supporting Employees with Great Jobs: People are any firm's greatest asset, and ours is no exception. Good wages and benefits pave the way for people to support their families, pay their taxes, and still afford to spend on things they enjoy. In our area, consisting of folks who face brutal winters we generally are more rugged, outdoors-loving people. Pickup trucks are popular, both necessary and common (most made in Michigan). Snowmobiles and ATV's (Polaris in Roseau, MN). Boats (Lund, Alumacraft, Premier pontoons all made in Minnesota). Ice Castle fish houses (Montevideo, MN). Campers, trailers, and RV's (Elkhart, IN). The list of things goes on and on, and each of these I've

mentioned contains steel. Mining in Northern Minnesota provides great jobs and produces the iron ore needed to manufacture steel ending up in products people need and want. Proposed mines such as Polymet and Twin Metals need your support, these mines should be built right here in the USA, where we have increasing needs for copper wiring, tubing, catalytic converters, batteries, and more.

2. Spending on Materials & Supplies: On many of our projects, materials is the largest category of a typical construction project, and the depth of impact is likewise significant. Wood and lumber (forest products industries). Steel: rebar, piling, pipes, structural beams, plates, etc. (US steel mills, US iron ore producers, and scrap recyclers). Pre-engineered metal buildings (Butler fabrication plants throughout the US), Concrete and cement (local ready-mix plants and their raw materials from local rock quarries and mines in Alpena, MI). Asphalt for roads and highways; fuel for vehicles and equipment (produced by local refineries). Computers, cell phones, safety equipment, the list goes on and on, including temporary utilities such as power, water, etc.
3. Spending on Equipment. Contractors and subcontractors must continually invest in equipment to stay competitive and productive. Think of major American manufacturers such as John Deere, Caterpillar, and Minnesota's Bobcat! Thanks to consistent and

predictable Section 179 tax rules, contractors can better plan and make these purchases. It's working.

4. Profit to Maintain, Grow and Expand. Anything left at the end of a project is profit... a bad word to some people but anyone in business knows that without it, we won't survive. Our firm has been successful which has allowed us to give back to the community and to upgrade equipment, to reinvest its profits, to better serve our clients, improve operations, and provide a more enjoyable environment to work. When we built a new office complex for ourselves recently, we saw similar impacts of the above examples, plus: Precast concrete wall panels (made in Wells, MN); Windows (Ashland, WI); Curtainwall / Aluminum Entrances (Chicago, IL); Metal studs for walls (Spokane, WA); Paint (Cleveland, OH); Carpet & flooring (Dalton, GA); Cambria Countertops (Le Sueur, MN) and office furniture (Grand Rapids, MI).

In conclusion, considering the many sectors and depth, it's easy to see how every \$1 million spent on infrastructure results in \$3 or \$4 million of economic demand. Doors are opened to those seeking jobs, and opportunity. It's hard to imagine a better investment in America than that.

Let's work together in "Moving America's Infrastructure Forward." It is a truly significant means toward an even larger goal of "Moving AMERICA Forward."

Thank you. I am available to answer any questions or provide additional information.

Todd Rothe
President
J.R. Jensen Construction Company
814 21st Ave. E.
Superior, WI 54880

O: (715) 398-6626
M: (218) 428-6919
www.jrjensen.com



February 26, 2020

The Honorable Jared Golden
Chairman
House Committee on Small Business
Subcommittee on Contracting, and Infrastructure
Washington, D.C. 20515

The Honorable Pete Stauber
Ranking Member
House Committee on Small Business
Subcommittee on Contracting, and Infrastructure
Washington, D.C. 20515

Dear Chairman Golden and Ranking Member Stauber:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 69 chapters representing more than 21,000 members, we appreciate the opportunity to comment on the Committee on Small Business' Contracting and Infrastructure Subcommittee hearing, "Moving America's Infrastructure Forward." ABC and our members are committed to building taxpayer-funded projects with the highest standards of safety and quality and we stand ready for the opportunity to build and maintain America's infrastructure.

It is critical for Congress' agenda on investment in infrastructure to consider how these policies could impact the small business community. This is an important issue for ABC and our members, as the U.S. construction industry is fueled by small businesses. The majority of ABC's general contractor and subcontractor members qualify as small businesses as defined by the Small Business Administration.^[1] This is consistent with the SBA's findings that the construction industry has one of the highest concentrations of small business participation (more than 86%).^[2]

As the House continues its work towards a fully developed infrastructure plan, ABC urges Congress to find appropriate funding and financing for the plan, thoughtfully improve the permitting process to enable timely execution on infrastructure projects maintain and enhance the construction workforce and safeguard a diverse supply chain.

ABC believes that several steps can be taken to ensure financing for critical projects, including public-private partnerships, that can be useful for project finance and delivery methods under certain circumstances. Congress should look to expand these valuable, cost-saving programs already authorized under law to lower the cost of federally funded projects and leverage private dollars for critical infrastructure projects.

In addition, ABC believes all contracts in an infrastructure package should be awarded through a fair and competitive bidding process that allows qualified union and nonunion contractors to compete on a level playing field based on merit, experience, quality and safety.

The vast majority of small businesses in the construction industry are not signatory to a construction union. When governments mandate Project Labor Agreements on a federal or federally assisted taxpayer-funded project, small businesses are disproportionately harmed. Restricting government-mandated PLAs on federal and federally assisted projects is a top priority for ABC as fair and open competition provides better value to taxpayers, protects existing investments in the construction industry's workforce development programs and provides opportunities for all Americans.

ABC has long opposed wasteful and discriminatory PLA mandates, which past academic studies have shown drive up the cost of construction projects by 12% to 20% and which discriminate against the 87.4% of U.S. construction workers who choose not to join a union.

^[1] For SBA's construction industry size standards, see NAICS Sector 23 table: https://www.sba.gov/sites/default/files/Size_Standards_Table.pdf.

^[2] *The Small Business Economy: A Report to the President*, U.S. Small Business Administration, Office of Advocacy (2009), at page 8.

Further, we can reduce costs through modernizing and streamlining the permitting process for transportation and infrastructure projects across the country. Creating a coordinated, predictable and transparent process to streamline permitting will enable the industry to plan and execute even the most complex projects while safeguarding our communities, maintaining a healthy environment and being good stewards of public funds.

Given the workforce shortage impacting the U.S. construction sector, any comprehensive infrastructure package must also include investment in building a safe, skilled, and productive workforce. ABC estimated [440,000 jobs needed to be filled](#) today just to meet [construction backlog](#) – a shortfall that will only be exacerbated by an infrastructure package. This is a critical issue for ABC and our members. ABC member contractors [invested an estimated \\$1.6 billion per year in workforce development](#) in 2018 to educate and upskill nearly 1 million course attendees annually, up from \$1.1 billion in 2013.

Still, more needs to be done to recruit and upskill U.S. workers into skilled construction careers and to help companies find the workers they desperately need, which must include an “all-of-the-above” approach to expanding market-driven and government-registered apprenticeship and career and technical education programs.

ABC appreciates the committee’s continued efforts to address our infrastructure needs, and we look forward to continuing to work with you towards a much-needed solution to restore and modernize our nation’s infrastructure.

Sincerely,



Kristen Swearingen
Vice President, Legislative & Political Affairs