

# Addressing the Pressing Need for Infrastructure Reinvestment

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## **Executive Summary**

Decades of federal underfunding of the nation's infrastructure have left roads and bridges in precarious condition. To resolve this problem, the new administration of President-elect Barack Obama must enact policies to provide the funding needed to close the national infrastructure deficit, which will in turn bolster the economy, create new jobs, and prevent future catastrophic infrastructure failures.

## **I. Background**

Despite the large-scale public works projects of President F. D. Roosevelt's New Deal policies and President Eisenhower's 1956 National Interstate and Defense Highways Act, recent decades have seen very little widespread infrastructure growth on behalf of the federal government. The funding, stemming from a Highway Trust Fund supplemented by general tax revenue, has slowed over the years, leaving maintenance and development projects unable to keep pace with rises in congestion and repair demands (Schwartz, 2008). In North Carolina alone, the American Society of Civil Engineers identified the existence of a \$29 billion twenty-year funding gap just for road maintenance, despite increasing state legislative cuts (NC ASCE, 2006). This infrastructure deficit poses a severe threat to citizens, but immediate political actions can ameliorate the issue and foster positive externalities associated with enhanced development.

In 2005, reports by the American Society of Civil Engineers found that "[p]oor road conditions cost U.S. motorists \$54 billion a year in repairs and operating costs... [with] 3.5 *billion* hours a year stuck in traffic, at a cost of \$63.2 billion a year to the economy." Eliminating all bridge deficiencies would ideally cost only an additional "9.4 billion dollars a year for next 20 years," though Federal programs do not currently provide adequate funding to achieve such a goal (ASCE, 2005). Partially in response to these

reports, however, US Senators Chris Dodd and Chuck Hagel have proposed the National Infrastructure Bank Act of 2007, a plan now being adapted by President-elect Barack Obama (Levinson, 2008). Calling for a restructuring of the infrastructure funding system, such a plan could lead to tremendous improvement in roads and bridges while creating millions of jobs and bolstering the economy.

Without an appropriate and effective response, the number of tragedies akin to the 2006 Big Dig Boston Tunnel ceiling cave-in or the 2007 I-35 bridge collapse in Minneapolis, in which hundreds were injured, will only increase as old developments fail to receive necessary maintenance (Mishra, Murphy, 2006; Dedman, 2007). Until the government takes action, the lives of millions of commuters traveling along faltering roads and bridges will be at stake, while billions of dollars of potential economic growth go unrealized.

### **Identification of Problem**

The failure to provide necessary investment in revitalizing infrastructure development across the nation undermines economic stability while needlessly threatening the lives of the tens of millions of citizens who commute daily. Analysis of the scope of this problem has been conducted by professional organizations and policy think tanks across the nation, including the American Society of Civil Engineers (ASCE) and the Center for Strategic and International Studies (CSIS). Released every few years, the ASCE *Report Card of America's Infrastructure* surveys thousands of engineers and conducts field research to determine the state of infrastructure on the grounds of funding, need, condition, capacity, and affects of potential catastrophic failures (ASCE, 2005). Proposals made by CSIS take similar factors into account, but also focus on the politics of the issues, written in part by current US Senator Chris Dodd (CSIS, 2006). Due to the fact that infrastructure has such great impact, political organizations ranging from the Department of Transportation and the Federal Highway Administration to state and local agencies, as well as private construction and shipping companies and average commuters play a role in this problem. Without proper

consideration of proposed policies capable of bolstering infrastructure investment, decades of such disrepair and inefficiency will inevitably be felt by the nation, affecting not just politicians and businesses, but the common commuter as well.

### **Policy Choices**

When President-elect Barack Obama enters office, he will face two major decisions: adapt a plan along the lines of the National Infrastructure Bank Act of 2007 and increase federal funding for infrastructure improvement, or oppose state or region-specific projects in the name of opposition to earmark or “pork barrel” spending. The latter policy was touted throughout the 2008 presidential campaign by Senator John McCain, who claims that “[e]very dollar irresponsibly spent by Congress is a dollar diverted from pressing national priorities,” a category in which national security and fighting national debt apparently rank more highly than upgrading and repairing crumbling bridges and roads (Levinson, 2008). Fighting earmark spending would undoubtedly lower total government expenditures, but only in the sense that such policies assume that minimal repair can sustain infrastructure indefinitely, without potential catastrophic failures ever taking place.

Adopting a national investment plan will no doubt incur heavy upfront costs: the Federal Highway Administration estimates that the cost to all levels of government to maintain current infrastructure at minimum standards from 2005 to 2024 hovers around \$78.8 billion, though ideal cost-beneficial investment would require \$131.7 billion for the same period (FHWA, 2006). States and municipalities alone do not have this sort of funding, and considering the national economic externalities associated with infrastructure maintenance, federal investment would see returns at a national level through job growth, increased worker productivity, and reduced threat to all commuting citizens. Earmark spending can lead to wasteful spending, as indicated by the much cited example of Alaska’s “bridge to nowhere” which

benefitted less than 100 people at a cost of hundreds of millions of dollars, but increased oversight associated with the recommended policy would limit such egregious Congressional behavior.

### **Policy Recommendation**

By passing a revised version of the Hagel-Dodd National Infrastructure Bank Act of 2007, President-elect Barack Obama would engender a new era of public works projects designed to provide “\$60 billion over 10 years, to... finance[e] transportation infrastructure projects across the nation... creat[ing] up to two million new direct and indirect jobs and stimulat[ing] approximately \$35 billion per year in new economic activity” (Obama, 2008). Economic growth aside, this policy would help reduce the inefficiencies experienced by commuters while potentially saving countless lives. Effectively establishing the National Infrastructure Reinvestment Bank (NIRB) would require a bipartisan oversight panel to ensure equitable distribution of funding and limit heinous pork barrel spending; legitimizing this policy requires approaching infrastructure reinvestment as a procedure necessary to the stability and security of the nation, rather than the financing of pet projects of specific senators.

The implementation of the National Infrastructure Reinvestment Bank would reshape the present methods of federal infrastructure financing by creating resurgence in large-scale repair and development projects. Following the recommendations of the Dodd-Hagel bill, long-term investments receiving funding would begin at \$75 million dollars; thus only the projects affecting the most people and offering the greatest benefits would receive consideration. The Obama administration must also consider the environmental impact of any project funded, but policies requiring the use of environmentally-friendly construction materials and methods, better evaluation of congestion reduction, and constant monitoring of the effect of infrastructure repair will help offset any negative externalities (CSIS, 2006).

By expanding federal funding for well-reviewed infrastructure investment, the Obama administration will embrace a policy that prevents future bridge collapses, reduces congestion, and

creates millions of jobs and boost the national economy. The nation can no longer afford to ignore the infrastructure deficit; the benefits of reinvestment too greatly outweigh the costs to enact any other policy alternative.

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