

September 25, 2014

Reports Issued Addressing Infrastructure and Transportation Funding and Focus

Dear Transportation Committee Member:

On Tuesday of this week, two reports were released that call attention to the need in the United States to revamp our infrastructure and transportation systems.

The National Association of Manufacturers (NAM) issued its report, "*Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure*," which looks at what the United States has done in the past in terms of infrastructure investment; where we are currently; and what greater investment could mean to the nation's economy in the future.

The Pew Charitable Trusts issued its report, "*Intergovernmental Challenges in Surface Transportation Funding*," which provides a comprehensive look at federal, state, and local investments in highway and transit programs and how each level of government has responded and will need to respond to funding shortages.

Copies of each report are attached, and portions of each report are below.

National Association of Manufacturers Report

From NAM's [Executive Overview](#) of "*Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure*:"

Overview

"Current levels of infrastructure funding are undoubtedly critical to support ongoing investments. Maintaining the status quo, however, will not be enough to turn around the nation's failing grade on infrastructure and move the U.S. economy toward a more competitive future. The report offers a historical accounting of investment in a broad range of infrastructure that includes highways, transit, freight rail, aviation, inland waterways and

ports, power generation, energy pipelines and information and telecommunications networks as well as drinking water and wastewater facilities. The report also analyzes the enhanced economic benefits of a 15-year sustained focus that boosts investment levels from all public and private sources to support funding for public infrastructure.

While competitor nations continue to invest in infrastructure, the United States is stuck in a decade-long period of decline in overall infrastructure capital spending that will eventually harm job creation, future productivity and global competitiveness. A sustained and focused effort will help reverse a troubling decline and create opportunities to fully address persistent backlogs and aging infrastructure.

The economic analysis reveals that a targeted and long-term increase in public infrastructure investments from all public and private sources over the next 15 years will:

- Increase jobs by almost 1.3 million at the onset of an initial boost;
- Grow real GDP 1.3 percent by 2020 and 2.9 percent by 2030;
- Create a progressively more productive economy, which, due to cumulative effects through time, will benefit from a \$3 return on investment for every \$1 invested in infrastructure by 2030; and
- Provide Americans an increase in take-home pay after taxes—a \$1,300 net gain per household by 2020 and \$4,400 per household by 2030 (measured in 2009 dollars).

As the report shows, current approaches to infrastructure are not enough to grow our economy at home and go head-to-head with our competitors abroad. Strong support exists within the business and manufacturing communities for building a more competitive, nationwide infrastructure network. The report reinforces the value of such action.”

For a full copy of the NAM report, “*Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure*,” please [CLICK HERE](#).

Pew Charitable Trust Report

From the overview of the Pew Charitable Trusts’ report, “*Intergovernmental Challenges in Surface Transportation Funding*.”

[Overview](#)

“The United States is facing major challenges in maintaining investments in the country’s highways and transit systems, which will require policymakers to make difficult choices in the years ahead. These decisions will be made not just at the federal level, but also at the state and local levels.

As policymakers consider both short- and long-term solutions for funding surface transportation infrastructure, four key principles can help them evaluate various approaches and address the needs of all levels of government:

1. **Falling revenue forces hard choices.** Transportation investment challenges will not be easily solved. Declines in inflation-adjusted gas and vehicle tax revenue will require the federal government and the states to either raise additional revenue to maintain current spending levels or manage within existing resources by cutting spending in real terms.
2. **Financing is not funding.** Financing measures, such as municipal bond issuances, infrastructure banks, and public-private partnerships, play a prominent role in transportation policy discussions. But while financing is a vital tool for building transportation infrastructure, it is not, by itself, a funding solution. Ultimately, borrowed funds need to be repaid by using taxes, tolls, fees, or other revenue sources.
3. **Rethink the roles of all levels of government.** The purpose and role of federal transportation funding have not been clearly defined since the completion of the interstate highway system in the early 1990s. Any reassessment of the federal role should take into account the fiscal conditions of all levels of government and also consider how states and localities might change the way they fund surface transportation infrastructure to best complement a revised federal approach.
4. **Partnership is essential to confronting challenges.** The various levels of government should communicate and operate as partners. States and localities need to know what to expect from the federal government; in turn, the federal government needs to understand the challenges other jurisdictions face and how policies and procedures might affect them.

This report further examines the findings of this analysis, and it delves into the contributions that all levels of government make in paying for highway and transit infrastructure; the obstacles they confront; and the outlook for addressing these trends so that federal, state, and local investments can meet the nation’s transportation needs in the 21st century.”

For a full copy of the Pew Charitable Trusts’ report, “*Intergovernmental Challenges in Surface Transportation Funding*,” please [CLICK HERE](#).

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