THE NEW ENGLAND COUNCIL

Committee Update

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Infrastructure Investments and "Can-Do" States

On Friday, July 12, the Brookings Institution's Metropolitan Policy Program held a policy forum to discuss the potential that states have to achieve the infrastructure upgrades that many of them require in an environment of funding challenges. Entitled "Can-Do States: A New Era for Infrastructure Investment," this forum focused on the best practices utilized by a cadre of states to move beyond federal funding inconsistencies and how they address these critical issues in their own manner.

In his introductory statement, Brookings Vice President Bruce Katz indicated that a state of the art infrastructure drives "competitiveness, job creation, and innovation" and that it is the "backbone of a healthy economy." He also said that it is networks of leaders in many states and metro areas who are pushing the development of economically important infrastructure "in the absence of clear federal leadership" and without "reliable, stable, predictable, and flexible" funding authority from Washington.

Mr. Robert Puentes, the Senior Director of Brookings' Metropolitan Infrastructure Initiative offered an informative power-point presentation in which Mr. Puentes stressed that America's competitors are in the process of making upgrades to their infrastructure systems that will provide them with sustainable growth, while in the U.S. "insufficient and misaligned investment in infrastructure has real consequences in the nation's ability to compete globally." Mr. Puentes went on to cite a study that showed that "infrastructure in the U.S. had fallen from best in the world to 25th in the world in ten years," stating further that America is going to have to think about "how, why and through what partnerships are we going to build our next generation infrastructure." Mr. Puentes noted that much of the new investment in a next generation infrastructure is going to come from the private sector as public sector discretionary spending becomes "squeezed." Puentes said there are a handful of Can-Do states, which are "working to develop the new rules, new tools, and new institutions to fund and finance infrastructure projects and engage in new kinds of problem solving."

At the conclusion of the presentation by Mr. Puentes, a panel of policy experts spoke next, comprised of Margaret Tobin, Executive Director of the New York Works Task Force; Tony Kinn, Director of the Office of Transportation Public-Private Partnerships for the Virginia DOT; Michael Cheroutes, Director of the High Performance Transportation Enterprise, a government-owned business group of the Colorado DOT; and Larry Blain, Chair of Partnerships BC, a Canadian government-owned entity that plans, implements, and oversees infrastructure projects. This panel discussed the various means and methods that their states/entities use to ensure "can do" infrastructure success.

For instance, Mr. Kinn stated that his office has been set up as a separate state agency to deal with all his "sister" agencies and has one mission statement: "close the deals, and grow the business." He stated that regardless of who is in the statehouse, their one function is production. He said that all states face the same issues – lack of federal funding, recognition that new public revenue sources are difficult to obtain, and challenges to educate the public that "free" money doesn't exist. He said that his office's approach to infrastructure projects is to not look at them as public-private partnerships, but rather as "public, private, political, publicity, partnerships." Mr. Kinn said there is strong support throughout Virginia's legislative and executive leadership for infrastructure projects as a key means of economic growth, which allows his office to use limited state funds to go forth with meaningful projects on a business-like approach. He added that his office will develop projects completely so that the private sector knows that when it "goes out on the street" it will get done.

Finally, the former Governor of Puerto Rico, Luis Fortuno, provided keynote remarks where he indicated that in order to meet the nation's infrastructure needs, we will have to invest more than $2 trillion over the next five years. He added, however, there is no money from Washington, and even the states are facing problems. He stated that such under-investment "erodes our nation's competiveness, affects our economy, and costs us jobs." He added that there is capital available, and those who manage it are looking for opportunities to use it, but the means to use it properly are also needed.

The governor outlined a series of "best practices" in setting up an infrastructure system that include: a proper and legal framework in which to operate; a dedicated "P3" authority that protects the public interest and sets specific benchmarks; proper staff; transparency; a focus on projects that can be financed; an aggressive and firm closing schedule; an authority insulated from politics; a public benefit for projects; and political will to keep projects on track.

Governor Fortuno concluded that the U.S. is competing for jobs that could be done anywhere in the world, and that China, India and Brazil are investing heavily in infrastructure. "We need to as well in order to increase our quality of life, to make us more competitive, and create jobs here in America," said the Governor.

To view this Brookings Institution forum in its entirety, please click on this link.