Leveraging Infrastructure Investment Now and for the Future

Robert Puentes

Short-term priorities

Members of Congress and the new administration are currently debating a recovery plan that could direct hundreds of billions of dollars towards infrastructure to help put Americans back to work and get our economy moving by rebuilding our roads, bridges, and mass transit systems. Though state governments have tremendous outstanding investment needs, any infrastructure investments included in a recovery bill need to focus on investments that secure the existing system and help transition to a clean, efficient, energy-independent future—creating millions of green jobs and job opportunities for the under-employed in the process. There are three core recommendations:

1. Fix what is broken and build out green infrastructure

- Stimulus funds for the highway and road network should be restricted to rehabilitation and maintenance projects only. States should be given the option of flexibly transferring funds to ready-to-go transit initiatives, non-motorized initiatives, and projects that result in less driving. Reducing vehicle miles travelled will help the nation achieve its energy independence goals, as transportation contributes one-third of the nation's greenhouse gas emissions and is the fastest growing contributor to our carbon footprint.

- To ensure we have the human capital to rebuild our nation's infrastructure, a portion of funds for each project should be set-aside for job training programs, particularly those in partnership with community colleges or trade unions. Such programs can help stabilize low income communities and provide a pathway to good, decent jobs.

- To support new capacity in fast-growing areas, the economic stimulus should include new transit expansions and projects that contribute to a clean, efficient, energy-independent future. Specifically, any pending project meeting statutory criteria seeking New Starts and Small Starts funding (section 5309) and approval should be eligible for economic stimulus funding. Over $16 billion worth of new transit capital investments could move from planning to contracts and construction in the next year ($4 billion in 90 days) if additional federal funding and contingent commitment authority were provided, and the federal review process expedited by the incoming administration.

2. Ensure states, metropolitan areas, and localities have a role in programming funds

- The mechanism for distributing the transportation infrastructure stimulus funds should be the existing Surface Transportation Program (STP). This would ensure that, in addition to the guaranteed share of STP funds reserved for the states, local officials and metropolitan areas within the states would receive a balance of the funds based on population, as federal law has provided since 1991.

- For the purposes of the stimulus package, this would mean about one-third of STP funds are "suballocated" to metropolitan planning organizations (MPOs). This process of targeting

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funds specifically for urbanized, or metropolitan, areas is referred to as suballocation since the federal funds are allocated below the level of the state departments of transportation (DOTs)—the traditional recipient for such funding. The state administers the funds for the other areas. Although the suballocated funds are directed to urbanized areas, federal law directs local officials to work through MPOs in their use.

- Current provisions that allow for STP funds to be used for Transportation Enhancements should also be allowed.

3. Demand transparency and accessible information

- Once the stimulus package is approved, states and metropolitan areas should quickly turn around a specific list of which projects will be funded. The list should be released publicly in a transparent and accessible manner. To the greatest extent practicable, disclosures should take advantage of recent advances in geographic information systems to provide citizens with easy-to-read state and regional maps that lay out core highway and transit investments.

- The federal government should require state and local metropolitan transportation agencies to maintain information systems that measure the impact of these projects in meeting the goals of the stimulus. This should include indicators such as jobs created, cost-effectiveness, carbon emissions, fuel use and fuel economy, safety, and demand forecasting.

- Funds should be tied to performance measures that evaluate whether their proposed use is likely to enhance economic growth in the long-term. Then the federal government should track these funds to find out whether they actually accomplished what they predicted.

- To ensure this is not an unfunded mandate, for every billion dollars invested in infrastructure, one-half of one percent should be allocated for data-collection, analysis and reporting.

Long-term priorities

The recovery package should send a strong signal and set the course for a new economy and a new wave of transportation policy in this country. It should start us down the road to a different way of doing business and radically overhaul the nation's transportation infrastructure.

If transportation policy is going to achieve critical national objectives around economic competiveness, environmental sustainability, and social equity in an era of fiscal constraints it will require a 21st-century transportation vision. After reform measures are put in place, all funding options should be on the table.

- ***The federal government must lead*** in those areas where there are clear demands for national uniformity or to match the scale or geographic reach of certain problems. The U.S. needs to define, design and embrace a new, unified, competitive vision for transportation policy—for both passenger and freight that includes its purpose, its mission, and its overarching rationale. It should include focused, targeted investments in those gateways and corridors that are the critical nodes of international trade and inter-metropolitan commerce. An independent **national infrastructure bank** should be established to define and finance those projects of substantial regional and national significance now and in the future.

- ***The federal government should empower states and metropolitan areas*** to grow in competitive, inclusive, and sustainable ways. Major metropolitan areas should be given more direct funding and project selection authority to enable them to embrace market mechanisms, level the playing field between the highway and transit programs, and create significant new prizes to spark bold new innovation and creativity in regions that want to link disparate transportation, housing, energy, and environmental policies to create better outcomes. **Sustainability Challenge Contracts** would award competitive grants—as much as $100 million each—to the partnerships of states, metros, localities, or other entities that devise the boldest, most interdisciplinary proposals (e.g., integrating transportation, housing, and land use) for improving regional development patterns or reducing carbon emissions.

- ***The federal government should optimize Washington's own performance*** and that of its partners to maximize metropolitan prosperity. In order to rebuild public trust, the rationale for the federal program should be apparent to the American people and contain an explicit set of outcomes that consider environmental, energy, and social impacts. Yet in order to commit to such an evidence-based program we need to build a **world-class data and information system** ("TranStat") that is transparent and accessible.

Today's fiscally-constrained environment demands a new approach to infrastructure policy. The status quo does little to upgrade our existing infrastructure, expand choices in moving people and goods, or make travel more accessible and affordable to families, nor does it help us move closer to energy independence. The stakes are too high—for economic stimulus and fiscal responsibility—to allow spending that does not result in real gains in productivity, inclusion, and environmental sustainability, the foundations for short- and long-term prosperity.

About the Metropolitan Policy Program at Brookings

Created in 1996, the program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas including their component cities, suburbs, and rural areas. Learn more at **www.brookings.edu/metro**

The Blueprint for American Prosperity

The *Blueprint for American Prosperity* is a multi-year initiative to promote an economic agenda for the nation that builds on the assets and centrality of America's metropolitan areas. Grounded in empirical research and analysis, the Blueprint offers an integrated policy agenda and specific federal reforms designed to give metropolitan areas the tools they need to generate economically productive growth, to build a strong and diverse middle class, and to grow in environmentally sustainable ways. Learn more about the Blueprint at **www.blueprintprosperity.org**

The Metropolitan Policy Program Leadership Council

The Blueprint initiative is supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that form the foundation of the U.S. economy. The Metropolitan Policy Program Leadership Council–a bipartisan network of individual, corporate, and philanthropic investors–comes from a broad array of metropolitan areas around the nation. Council members provide us financial support but, more importantly, are true intellectual and strategic partners in the Blueprint. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable. To learn more about the members of our Leadership Council, please visit **www.blueprintprosperity.org**

About the Author

Robert Puentes, Senior Fellow and Director, Metropolitan Infrastructure Initiative
rpuentes@brookings.edu

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Metropolitan Policy Program
at BROOKINGS

1775 Massachusetts Avenue, NW
Washington D.C., 20036-2188
telephone 202.797.6000
fax 202.797.6004
web site www.brookings.edu