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WEBINAR

WILL CONGRESS DELIVER AN INFRASTRUCTURE STIMULUS?

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P R O C E E D I N G S

MR. TOMER: Good morning, everyone. It's bright and early, we're in the middle of summer and you all could be vacationing somewhere, climbing into work or maybe just sleeping. So either way, thank you for spending part of your morning with us. My name is Adie Tomer and I'm a fellow at the Brookings Institution's Metropolitan Policy Program where I help lead our infrastructure work.

I'm delighted to moderate today's event: Will Congress deliver an infrastructure stimulus? We know we live in trying times with sky high unemployment and COVID-19 far from under control. The country needs help. And as we're talking right now, Congress and the administration are debating how to extend unemployment insurance, help small businesses and continue other essential programs.

But let's push today's news to the side and try to look around the corner a bit. Even if the President signs another relief package into law, we know it won't be enough. People in businesses will still be suffering because the recession is far from over. Work should not stop with this upcoming bill.

So, as Washington starts thinking about their next move, it's clear that infrastructure should be part of it. And I'm not alone. For the last century, Congress used infrastructure to help catalyze economic growth and tap the power of the purse to help people find jobs and improve quality of life. Which begs the question, how should Congress design an infrastructure stimulus for this unsettling time?

That's the theme of today's conversation. And I'm excited to introduce our panel in a couple of minutes. But before I do, I want to offer some framing perspective. Our Brookings team, including Joe Kaine, Lara Fishbane and an incredible team of advisors spent the past few months looking backwards to provide four major lessons for the next set of stimulus architects.

First, recessions can shock infrastructure demand but structural factors have a far more enduring impact. Take, for example, driving levels which you can see on the screen right now. Sure, recessions sometimes cause dips, including the one we're living through right now. But structural factors like women entering the workforce continue the construction of car-oriented communities and longer supply chains keep pushing driving levels up over time. While it's easy to get lost in today's trends, outside telecommuting and ecommerce, history suggests we're more likely to see a return to normal over the next few years.

Second. Infrastructure services weren't affordable even before COVID-19. Now with millions of households having lost their jobs or taking pay cuts, the struggles to pay our bills each month will only grow. And once people lose their car or their mobile data plan, it becomes even harder to get their careers back up and running. Unless government and service providers do something to lower costs, infrastructure could be a barrier to opportunity, not a path to it.

Third. Recessions will lead to project delays and layoffs. We know that states and localities are facing severe budget shortfalls and that means infrastructure projects will be on the chopping block. But we also know the country isn't spending enough on maintenance to begin with. And major capital needs like ubiquitous broadband and modernized energy systems are still left unmet. If we're not careful, project cuts could start to limit our competitiveness in the long run.

Finally, federal stimulus is a place to test innovative programming. From the Hoover Dam and San Antonio's river walk built during the new deal, to the 2009 investments in research and development and challenges. Stimulus programs are a time to take chances. And with generational challenges staring us in the face from addressing climate insecurity to rethinking skills development, to righting the wrongs of past land use policies, what better time to test new solutions.

You can find all the data I just mentioned, more framing language and our four part policy response on the Brookings website. As always, our content is free and open to the public. Don't hesitate to let us know what you think because our goal is to use open dialogue and independent debate to push policy forward.

And with that in mind, I'm honored to moderate a conversation this morning between a panel of incredible voices in this space. The point of today's conversation is to hear what they think. To better understand the challenges a stimulus should address, what ideas Congress could consider and how to prioritize what's sure to be a laundry list of ideas.

I want to stress, none of us are here to predict what's in majority leader Mitch McConnel's mind or any other news items. Our incredible colleagues in the press have that beat covered. This next hour is about dialogue. So, let me go ahead and introduce my incredible colleagues.

So, I'm going to start in alphabetical order. I'm delighted to introduce Rebecca Higgins who's a senior policy advisor at the Senate Committee on Environment and Public Works. Rebecca has an incredible career working at the nexus of transportation, land use, environment issues and federal policy analysis.

Next, we have Mike Pagano who is the dean of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. Michael is a national fiscal expert and he's here to both give us the silver truth and uplift us a bit. And as you can see, there's a fun fact, even though Mike and I live in different places, we do share a harbor.

Finally, our real hero of the day, Tracey Ross who is the director of federal policy and narrative change at PolicyLink. Not only is Tracey an accomplished policy analyst, writer and public communicator, she's also beaming in from Oakland, California which means it's 7 a.m. her time. So, thank you, Tracey.

Before I throw out the first question, I want to give you all a really quick reminder that you can send your thoughts and questions through the internet tunes by using the hashtag InfraStimulus on Twitter. We'll also being moderating questions from viewers throughout our discussion so don't hesitate to send them up until about 45 minutes on the hour. At that point, I'll actually start throwing your questions to the panelists.

So Tracey, let's start with you. First of all, again, thanks for joining us. We know people are struggling. PolicyLink has been covering this in detail for really years and years but, of course, has been really on top of it since the crisis has hit. In particular with the perspective of a workforce development, paying your household bills, what is going on with households across the country and what has you all concerned?

MS. ROSS: Yeah, thank you first for bringing us all together for this discussion. So, I think even when you want to understand this crisis, you have to go a few years back. Because our economy was fragile to begin with. We've been celebrating all of these gains and jobs and even if you think about the recovery from 2009, folk's kind of touted it as a success. But, you know, worker power has been undermined, people's wages are essentially staying flat as productivity increases for decades. And it just really underscored that we were not prepared for any kind of shock.

Already households, about 40 percent of American households were just one emergency away from ruin. The average household couldn't come up with $400 in an emergency according to the Fed. And so, we knew already that if something happened whether it was a natural disaster, an economic shock or now a pandemic, that households were going to be hurting.

And so, what we're seeing now is because we need to take all of these important measures to keep people safe and whole that when businesses close down, we didn't have a really strong safety net to rely on. And folks will try to point to that, to the safety net saying see, it doesn't work. But it's no, we starved our safety net, we didn't have employment that works, we don't have paid sick leave for many people.

And so, now what we're seeing is record unemployment where I know we're not going to be talking about the current relief bill but Friday the $600 a week unemployment insurance expires. This is a crisis. And so, also a lot of people can't afford to pay their rent so we're also anticipating millions of evictions. The scary thing is that even if we are able to address how people are hurting, even if we're able to reign in people's response, these governors who are just letting everyone go out and socialize and we're able to have another, you know, more severe lockdown to protect people, this is going to have impacts for years.

You know, people are seeing how their education is being impacted, whether it's K-12 or even at college level. People who are going to be unemployed for a long time has, you know, impacts on your future job searches and wages. So, this is going to have ripple effects for generations and we already know that this is disproportionately impacting Black and Brown households.

MR. TOMER: It's tough, it's tough news, right? Every time you hear it no matter how it's packaged it's just heartbreaking to think about and knowing households are struggling. Mike, you know, we saw this morning GDP is down I believe it's over negative 5 percent, right, among state and local governments. You know, you and I have already discussed in the past, right, we've already got at least 1.5 million job losses in the state and local sector.

Talk to us, you know, give us an inside look, right. What are budgeteers inside these government unites, what are they feeling right now, what are their concerns, what makes them most susceptible. And in particular, what does that mean for infrastructure? You know, where is it in terms of the priority list of potentially areas where they might be making the most extreme cuts?

MR. PAGANO: Yeah, great questions and thanks for inviting me, Adie. You know, I think one way of trying to understand the impact of a sudden collapse in the economy is that cities and states have been fairly resilient. They are very resilient. And one of the ways that they respond very quickly to the change in a fiscal environment like this is to really try to maintain service levels at historic levels. Or at least something that state and local governments are comfortable with without making draconian cuts which you might expect when you see a reduction of anywhere from 5 to 30 percent.

And so, one of those areas that tends to be cut right away or at least held back is that a lot of capital infrastructure projects are put on hold. So, in response to your last question, it's the capital spending that tends to be affected first by state and local governments when there's a very large reduction or a sudden reduction in the resource base of state and local governments. And the primary reason for that is that the expectation and the hope is that service delivery will be maintained at historic levels or at least at levels that the public will feel comfortable with at least for the short term.

The second area where state and local governments tend to take a fairly similar action across the way is that like individuals and as Tracey was noting, individuals don't have -- a large segment of the population does not have a savings account or something to dig into when they lose their jobs. State and local governments have what we also call reserves, budget stabilization funds, rainy day funds. And that's the place, the cushion that they go to when they're being hit as hard as they're being hit right now.

The savings accounts or the reserves of state governments were at historically high levels just in 2019. And so, they were very well positioned. The work that I've been doing with the National League of Cities over the last many years has also demonstrated that cities reserves have also reached a historic high level in 2019.

So, the immediate effect of having the reduction because of the COVID-19, a reduction in resources to state and local governments has been to be careful on the capital spending side or hold back but also dig into the reserves. Because it's the reserves or the budget stabilization funds that are going to be used to help support service levels. It doesn't mean that there weren't reductions in employment, there were as you noted. Many state and local governments did either lay off employees or more typically, will not fill positions that were recently vacated.

So, those tend to be the three very quick responses that state and locals gain. Hold back on capital spending, draw down on your ending balances, your reserves, your budget stabilization fund, your rainy day fund, whatever it might be called in your state or city. And hold the line on personnel, on hiring and be very judicious in letting go some of the people that you will let go. All with the intent of trying to maintain service levels at the levels that the public is expecting.

So, we're not going to see reductions in -- we're not going to see massive reductions in public safety spending, especially today. But I think what we can also say that what has become more visible in the eyes of the electorate and residents is that public health spending is going to be a sacred cow now. We need to actually increase public health spending, I think, is what we discovered in the last six months. So, just when you need more government activity for public health, for infrastructure and whatever, the resource base has been pulled out from underneath us.

MR. TOMER: Right, right, which is such a great way to summarize it. Right, and so we know state and local actors, certainly they're often the regulators but they're often the infrastructure owner, right. So, if they're not investing, there's no one else there. So basically, you're verifying, as we've heard from and know from historic record, right, that there is the need for someone else to come and help, right.

So, Rebecca, let's turn to you. First of all, thank you for taking the time to not be virtually on The Hill on what we know across the country is an incredibly important time. So, thanks for all the work you all are doing up there. Talk to us a little bit about how past discussions have gone around stimulus efforts, right. How the folks on The Hill potentially could think about what infrastructure's role could be in this kind of environment we're in right now.

MS. HIGGINS: Thank you so much for having me. Happy to be here today. I'm going to turn to that question but first let me just say very quickly at the outset that the viewpoints that I express here are my own and don't necessarily represent the views of the Senate EPW Committee or the ranking member that I work for.

With that aside, so yeah, what have we learned from past recovery efforts? Fortunately, because in the Recovery Act we had a lot of reporting requirements and GAO reports required as part of that, we have a lot of material to look at to see what went well and what needed improvements.

So, one thing that was clear when we examined the 2009 Recovery Act, the majority of the money was delivered through existing programs, at least in the transportation space for use by the existing set of traditional recipients of federal funds with an incredibly short window to start spending that money. The highway dollars had to be obligated within about four months which is just remarkably short.

That's what's called the shovel ready approach. It requires project sponsors to put money into projects that are ready to go, on the shelf or planned to go forward anyway or don’t need a lot of planning and design, maintenance projects, et cetera. And the result is it gets money out the door very quickly.

Accelerated projects that likely would have happened anyway or in some cases may have allowed projects to go forward that were put on the shelf for a reason. In many cases, substituted for state dollars that could then be spent on other needs in the state. And certainly, provided much less space for truly transformative projects.

So, I think that's the first critical finding that if we want to have an economic recovery that builds the future we need, a different future, that relies on infrastructure that's different from what we're building to the day, then we need to recognize that the concept of the shovel ready approach is flawed.

And related to that sort of short term thinking that characterized the Recovery Act, I think we understand better now the long tail of the recession in 2009. The stimulus was a single tranche of funds that were made available in early 2009 and then six months later, the regular long term authorization of federal transportation programs expired. And we had a series of short term extensions, we even had a shut down of funds for a period. It created tremendous uncertainty that undermined that recovery. So, at the same time states were spending all this new money, they didn't have a long term certainty for their regular funds.

And then after the 2010 election, of course, any remaining appetite for any spending basically evaporated. And this despite the fact that it remained perfectly clear that the unemployment levels, the state and local budget constraints, you know, the need for countercyclical investment persisted and were really in severe needs.

So, I think that we also need to recognize that we're at real risk of being on the same path again. Our current authorization is expiring two months from today. So, when we think about a stimulus, from my perspective I think we need a stimulus that will guide recovery for the duration of the recovery.

And that means long term certainty of the stimulative funding levels and a clear statement of policy goals that are new. And time for project sponsors to plan and develop the projects that are responsive to those goals and are truly transformative, I would hope. And it also includes allowing funds to be spent by entities that are not necessarily the traditional recipients of federal funds that may have needs that are not being met today because we do not have federal programs available to them on a regular basis.

So, we need sustained investment in economic recovery and building the future we need. And from my perspective, you know, that means addressing climate change first and foremost. We have an incredibly short window to address that.

But we definitely need to recognize that right now, infrastructure planning happens within a fiscally constrained environment. And so, if we want entities to plan different projects at much higher funding levels, we need to give them the time, the money for planning and the time to do that planning to come up with those truly great projects.

MR. TOMER: Yeah, I love the way you framed it at the end there too that we've got these big, big challenges. And we're naturally fiscally constrained, right. States and local famously write, if you will, they've got to balance their budgets and there are ways to do some accounting tricks, right. Go to the bond markets, whatever it might be but the feds have a really important role here.

Let me throw out to all three of you, get a kind of good cross dialogue going here around the kind of the wish list, right. You know, whether you want to talk about the challenges you want to address or straight up to the solutions, what's out here, right? Like what would you like the federal government to do? Let's strike in this kind of really tough moment that we're all dealing with, let's try to get some positivity here, right. What can we do because infrastructure is such a promising concept.

MS. ROSS: Yeah, I'll start because I loved everything that Rebecca said. At PolicyLink, we've been thinking about our experience both through the Recovery Act of 2009 but also our role after Hurricane Katrina. We set up an office in New Orleans following the storm. And while obviously a natural disaster and an economic disaster are really different, we can pull lessons from both experiences of how money is actually funneled from the federal government to communities on the ground.

And so, we had, I think, very similar lessons from Rebecca about, you know, we shouldn't treat the stimulus like it's an emergency. You know, we should take our time and make sure that it's thoughtful and going to the right places. We also need to make sure that the folks on the ground are prepared to receive the funding and are able to center the communities and people who are hurting the most.

So, for an example, during Katrina, they based the funding distribution formulas for housing repairs based on the value of your home rather than the cost of repairing your home. And so, we know from the enduring effects of segregation and ongoing housing discrimination that the White homes throughout New Orleans were valued higher than the Black homes in New Orleans. So, homes could have the -- could be the same size, have the same damage but White families were receiving more funding. Until, you know, community based organizations, residents were able to advocate and change those kinds of formulas.

And so, I mean, you know, bring that example up because we need to be investing in our community infrastructure as well. So, I think that's going to be a huge part of a future stimulus package. We need to make sure that the folks on the ground are prepared. That we, because we're going to be expecting them to do more with fewer resources, right. They're the ones that are caring for -- the frontline organizations are the ones that are checking on neighborhoods and doing the organizing and doing all this work and often don't get resources.

So, I think investing in the non-profits in high need neighborhoods, making sure that they're at the table. That there are, you know, actually governing tables so that we can keep local governments accountable for how funding is spent I think will be paramount.

I also wanted just throughout because I could talk really long about this and I want to be mindful that this is a conversation. But one thing I want to say right now also is to Rebecca's point also climate change is going to be, I think, really important. And so, shovel ready doesn't mean it's going to be a resilient project. So, we need to have really intentional planning and center environmental justice and climate readiness.

And so, with environmental justice, in particular I'm thinking about our water infrastructure. That's one of the top areas for PolicyLink. And right now, 77 million people live in areas with Clean Water Act violations. You know, going into this current crisis, millions of people are at risk for losing their access to water because of affordability issues with their utilities.

And also, the water sector is one of our largest sectors and has so many jobs that we can create from it. But they've been -- it's been a sector that's been predominantly older, White men. Even though there's so many different kinds of jobs, you know, related to construction, plumbing, maintenance, so many different aspects of this.

So, I think that we also have to think about our stimulus in terms of what job opportunities there are, how can we structure training, education, other kinds of resources so that the folks in these kind of communities also are part of the recovery and employed by the recovery.

MR. PAGANO: Two observations. One which says an investment right now can actually have that counter cyclical effect. You stimulate spending right now you build right now. And I think to Rebecca's point about what we're doing is what shovel ready right now may reflect what the society needed 20 years ago but it may not have anything to do with what the future ought to be like.

There are some exceptions to that and I think Tracey identified a few of those. There is the need for resilient infrastructure which most communities and regional organizations and states have been thinking about for a long time. To the extent that those are shovel ready, that's a good place to invest right away where you will get that counter cyclical impact on employment and training activities.

But the other is, we are now seeing and we've now seen for six months, a sudden shift in the way people work. And we've built a transportation grid to get home to work in a way that may no longer reflect or at least maybe in five years from now, what the traditional pattern was prior to say February or January just this year. And we are all of us right now, probably everybody who is listening is probably at home and not in an office. That's not anything that six months ago anyone would have predicted and it has effect on the use of transportation grid.

So, that opens a lot, I think, in way of just let's plan for a future that is going to be what the future is going to be rather than what the past was. So, to have a shovel ready project that is built on the growth model, the post World War II growth model of cities may not be an accurate reflection of what actually will happen just in the next few years, let alone 10 to 20 years from now.

So, I say that because I appreciate Rebecca's observation about how we had shovel ready projects that probably had little to do with really helping the economy. Had less to do with helping the economy at the time in 2009 because we had older projects that were designed for an older economy. So, we need to think more clearly about the infrastructure needs of regions and cities and states in a way that reflect what we'll have 10 to 20 to 50 years from now rather than what we had in the 1950s.

But the second part is that we can stimulate the economy today by investing in areas that we know climate change is not going to reverse itself. And so, we have those projects ready to go now. Water is, I absolutely agree with Tracey's point about the access to water -- access to potable water on the part of many communities, rural and urban through the United States is abysmal. We can invest in those areas right now and stimulate the economy.

If we're worried about, in many ways, we're worried about the rural urban divide and the rural economies are growing more and more poorer and suburban areas are growing more and more poor. There is such a need for water resources in those areas that could be an impressive and instant stimulus to those suburban and rural economies.

So, we need to go slow on the one hand because we have to think about what is the future, reach in the future economy, the future city going to look like. But there are lots of projects that we could invest in today because we know in particular that climate change is not going to reverse itself.

MS. HIGGINS: Can I jump in? I think that's a great point and I think that we can tie together, Mike, what you were just saying with what Tracey was saying. In the face of this uncertainty, you're right to bring it up and it's incredibly difficult to plan in the midst of this level of uncertainty. Of how people move and what the future, what we'll need in the future.

But getting back to what Tracey had said, maybe the focus should be on engaging communities and figuring out what do we want the future to look like and how can we get those ideas kind of coming up from the ground and respond to the needs that people feel today. And maybe it's not just transportation infrastructure.

I think that there are community needs outside of the roadways and even transit system. The parks and trails, you know, the kinds of things that were built during the works progress administration. That have tremendous generational impacts on the quality of life and create jobs but, you know, don't necessarily have a tremendous impact on GDP outside of the immediate job creation but do have tremendous impact on people's well-being and ability to live in that neighborhood.

And I think that if we took this time, given that we have uncertainty, if we took this time to engage communities, hear what they need and maybe they are small scale interventions that, you know, they're not all mega projects. There are small interventions that can just make a tremendous difference in our community well-being.

MS. ROSS: Yeah, I just want to respond to that. I appreciate that point because there are many things that communities have long been requesting that they need. But when we get into recovery mode, sometimes, you know, people see it as the opportunity and I'll use your city, Adie. The new Cleveland, the next Cleveland. They're looking for the big flashy ideas, how can we rebrand the city. But there's just some basic things that people need, have long needed.

And it might feel flashy or a great way to brand your city but this is about people's lives. And so, we need to have a people centered recovery and not, you know, lead with this idea of, you know, what is a flashy infrastructure project. There's things that might not seem flashy because a lot of people are used to them but things like broadband access.

We've seen just how, I mean, that's impacting families right now when young people aren't able to attend their schools online. So, there are things that have existed for a long time that we just have been neglecting in certain neighborhoods, certain communities.

There is even basic things like high poverty communities will tend to have more asphalt and fewer trees and so they have a heat island effect. So, as climate change begins to exacerbate extreme weather, there is going to be neighborhoods where the temperature is higher in those parts of the city then others because of this heat island effect. So, just things like more green spaces as Rebecca was saying, I think, is huge.

MR. TOMER: Yeah. First off, I'm so glad you plugged broadband. I think it's so important. You know, there's the obvious irony or joke or whatever you want to put it. Like everyone is just talking with each other via broadband right now. So clearly, it's essential.

You know, our friends in the digital community, the one uplifting thing for them is they don't need to know kind of stream into the wind or feel that way which they shouldn't have but that was really the fault of everyone else. And not realizing that not everyone had, you know, an in home connection and a wireless data plan that probably their wireless data plan was effectively uncapped too. I mean, America is not even on this and we've got to think about it at a community scale.

And there is so much, like you just mentioned, Rebecca, that we can do that is -- and I want to get into a question of measurement for all three of you. That maybe we don't need to measure in the exact same way, right. You know, I'm not here, we work effectively in an economic shop. I want GDP to grow as much as anyone, right.

But measuring the infrastructure in GDP terms can be a trap, right. So, let me kind of throw it out to all three of you, right. You know, the grab bag was awesome in a good way. I mean, these are ways to actually make America both more competitive and give us all a higher quality of life as you had mentioned, Rebecca, specifically in that term.

What's the kind of ways that we should be measuring this in particular thinking about the engagement with communities, right? How will we know what the right ways are to drive investments and to create that kind of -- if we want a community driven approach which I think so many people want right now which is inherently bottom up. But when you're working with the federal government, they inherently are kind of top down, right. So, how can we kind of meet in the middle whether through measurement or some other ways to think about what the most effective interventions are going to be?

MR. PAGANO: One of the, I think, the most common measurement of how well the neighborhood is doing is by looking at some health measures. And so, the extent to which and those neighborhoods know what their issues are and need to be very much integrated into the planning process and the kind of infrastructure they need. They can reflect their needs better than, as you said, this top down approach of letting the federal government tell you what you need.

They know what they need and we know the outcomes of that, when you look at the health indicators, what's the level of asthma, what's the level of leaded paint poisoning, what's the level, as Tracey just said, the heat islands, where are they located? And it's those measures that as we just learned today the GDP dropped by almost a third. What does that mean to particular neighborhoods?

It may not have the same meaning that we think it does. The stock market is doing well again, what does that mean? And I think when we look at the infrastructure investment and the well-being of communities, it's engaging the communities and the planning process for designing the infrastructure that will enhance the quality of life. The average life expectancy in some neighborhoods is going down for several years now for the first time since the Great Depression, right in the 1930s.

So, we have a lot of measures that are tied into the health and well-being of a neighborhood and a community. Not just a single individual but of a neighborhood. Not of the city but of a neighborhood. The more we engage neighborhoods in helping design the infrastructure, I think, you know, the connection go GDP may be, I don't know, it may be better.

It may give people opportunities if you have a strong neighborhood, opportunities to explore employment opportunities elsewhere or to travel just to enhance their quality of life. Is that worth it? To the extent we can include a quality of life measure in our output indicators for infrastructure investment, the better off we'll be.

MS. ROSS: I'll jump in. I completely agree with what Mike was saying. And I think it's going to require that similar to what Rebecca was saying in terms of RA, we had a lot of rich data but we have data already. So, rather than just reflecting on investments which we should do. We should make sure that we're tracking investments, having important data on that but we can anticipate many of the problems that, you know, Mike was saying.

So, if you give me zip code in Oakland, I can tell you, you know, how long your life expectancy is. So, we already know where the problems exist, where the barriers are and so, we can plan accordingly. You know, we don't have to wait for there to be a stimulus bill on the table.

So, I think that leaders really should be working right now with their cities to start planning. So, this isn't waiting on the federal government to pass or sign some sort of stimulus bill but working within your cities to start planning and anticipating. This is stuff they should have been doing anyway is better understanding the needs of your residents.

But I think that at the moment that we're in right now, I love the kid cameo, sorry. I got distracted. Everyone was probably fine. But in the moment that we're in, cities have to be ready. And so, I think that everything that Mike was saying was exactly right.

I also think we have to be really clear and honest that we have to center the people most impacted. And we can't plan -- we can't solve racial inequality by going around race. I know that we like to use economics as a proxy for race but I think that we have to tackle race head on. Some of that can be solved through looking at neighborhood disparities.

I think it's going to be really critical that we work with community based organizations that are trusted in communities, that can reach hard to reach residents for a variety of reasons that might not trust government. And government trust is going to be at an all-time low, I would expect as we're going into this.

So, I think that making sure that we're having community engagement that's really aggressive, working with long term organizations that have been part of the said neighborhoods is going to be huge.

MR. PAGANO: And the education institutions are part of that too as a form of fixed asset, a publicly owned fixed asset. And neighborhoods and education they do well when they do well together.

MR. TOMER: Rebecca, do you want to jump in?

MS. HIGGINS: Well, I hesitate to, I think everything that Tracey and Mike have said is just right. I love the idea of health measures. We certainly have historically have done a bad job of measuring what matters, really matters in transportation. I mean we look at kind of vehicular groups but not even people movement, just cars.

But I will say, I think that it is fair to acknowledge how hard this would be to not only to get the measurements right on things like quality of life but also for the federal government. For a federal agency to work with the tens of thousands, hundreds of thousands potentially, individual communities.

I do think we need to think through what is that program structure? Federal agencies are really good working with, you know, 51 state DOTs, 52, sorry, state DOTs. It gets a lot harder working directly with a much broader number of entities and I absolutely believe that we should figure out a way to do it. But I do think that it's important to acknowledge that it's a challenge and get it right so that it can get implemented so that we don't end up having money made available and then kind of not able to be spent.

MS. ROSS: To that I would respond that I don't think we need the federal government to control, you know, every aspect of what's happening on the ground. Like they can direct governors to think through, you know, certain sets of criteria, you know, direct them to have to have a community engagement.

Because I agree, Rebecca, if the onus is totally on the federal government then this will be incredibly challenging. And that's why state and local officials are going to be key to this and holding them accountable.

Where the federal government, I think, will be really important and being mindful of these measures is when they want to declare success and move on. With the 2009 recovery, Black unemployment will still twice as high as White unemployment when we said okay great, stimulus over, everything worked.

But just because it got back to normal for some households, not that you were implying otherwise. But because it got back to normal for some households we figured, you know, Black unemployment being twice as high that's the normal for America and we're okay with it. The federal government needs to say we're not okay with those really national metrics. But I think in terms of the state and local metrics, I think that we can, you know, do some of what Mike was suggesting by really putting the onus on governors.

MS. PAGANO: The design of federal grants does not require the federal government to be in a lead position. Block grants can do with the same kind of thing but allowing discretion at the local or state level. We have a history of that. We had in the 1970s, a local public works program as an example. We had an even broader one called general revenue sharing for which state and local governments could use the money for anything they wanted, not just infrastructure. So, there are ways where the federal government can play in more of a collaborative and cooperative role rather than a leading and controlling role.

MS. HIGGINS: It's really just related to that, I think it's important to keep in mind that the Recovery Act in 2009 sort of ushered in a new way of the federal government interacting with local recipients. There were many more discretionary grant programs where it included in the recovery act and then we continued to make available. We created new ones in authorizations.

So, I think in the same way, a new Recovery Act, a new stimulus could employ some innovative approaches and that could then be adopted in a much more wide spread way that they're effective. So, I think that it's great to be thinking through these different options.

MR. TOMER: Yeah, that's right. First of all, this is fantastic conversation. I'm going to ask one more hard question and then I'm going to turn to the audience questions which have already come in which is great. Thanks to everyone engaging.

I think what the three of you are picking up on is there is some inherent tensions here on how we operate. And there is a way to unlock more bottom up innovation. But it's not just a simple necessarily as just throwing money, right, and saying do whatever because now you have an accountability issue.

So, when we rethink what they measure, who we give money to, what they do with it, we've got to rethink as I really appreciate what you brought up, Rebecca, because we know the bug among the transportation circles is like please stop counting cars. That is like not what anyone really cares about, right. So, but how do we get an accountability that does reflect our values and we're really not there yet.

So, let me throw one more really tough question out which is the classic D.C. question and we're hearing right now in the current kind of, you know, COVID what we have, COVID, 4, COVID 5, I kind of lose count of exactly what counts and what doesn’t. But the question of, as Senator Cruz has said publicly, the money like do we have enough money, right. And this inherently comes in to these infrastructure debates, right. Because one of the advantages for all of us to get to work in infrastructure, our numbers are always big because we build big expensive stuff no matter what it is.

So, let me throw to you all, do we have money for this? I mean, can we afford a landmark stimulus program. And just to kind of pre-stage what some of you may say but frankly what I think some people are screaming at their screens is like can we afford to not do this too, right? So, have at it, what about the money?

MR. PAGANO: I think just very quickly we went through a massive tax reform bill just a couple of years ago that rewarded the very wealthy. We can -- the money is out there, this is a very wealthy nation. We need to pull together as a nation rather than splitting ourselves apart, pull ourselves together as a nation and understand it's the infrastructure that binds us together. It's the infrastructure that connects us. It's the connecting tissue of the country.

And for the economy of the country, for the social fabric of the country to survive, we need to be bound together, we need to come together. Does it require sacrifice, that's what taxes are about. It's sacrificing some of our private personal income for the better well-being of the entire community and of the nation. Can we do it, we certainly -- do we have the political will to do it, I think that's the question. Do we have the financial capability of doing it, yes.

MS. ROSS: Agree completely. I'll just add that again like I said at the top of this discussion. We were in such a fragile state when the pandemic hit because our economy is broken. We have extreme income inequality which puts a drag on prosperity. So, we really need to be investing in households to make sure that our economy is stronger.

And as our country becomes more diverse, what happens to people of color is going to determine the fate of the country. So, we cannot continue to have policies that don't invest in our communities and don’t invest in residents.

And so, I'm less concerned about, usually when people ask this question, you know, can we afford it I say I don't care. But in my actual, you know, like policy hat and being a bit more analytical about this, we can't afford not to do this as your question was amended to say. Because honestly, it is political will but if people want our country to be strong, if they want our economy to be strong, we have to do this, we have the resources to do this.

We see this in terms of military spending. We see this in terms of, you know, police budgets. In just the last stimulus bill, you know, we see $300 million being proposed for policing across the country. Budgets are moral documents and so our priorities are reflected in them, what are hopes for our country are reflected in them and we simply can't afford to make the mistakes that we did in 2009 in not investing enough. The only risk we have is not investing enough.

MS. HIGGINS: Those were great statements. I hesitate to say anything because I'm not sure I can compare. But I guess I would just add that I think it's actually healthy to lean into this conversation and acknowledge that resources are not infinite. But we're making decisions about our priorities as a nation. And we will need to pay, you know, the interest and the principle on any debt that we use now eventually.

And we should acknowledge that. You know, we will be paying that, future generations, my kids and my future self will be paying it. And I think my priority personally would be to be giving my kids a nation that has infrastructure, you know, has the street trees that enable me to continue walking out my front door even in high degree weather rather than the 95 degree weather that it is today. Have the infrastructure that connects and binds our nation and what we need to build out of this current moment into a better future for ourselves.

I'd rather have that future and higher taxes then, you know, the future where we really don't have livable communities and we have massive, you know, climate refugee crises and communities are just flooded and really damaged by the climate crisis and low taxes. Like that's not a preference that I have. I would love to acknowledge that yes, we will pay for this through taxes, through future debt service payments and it's worth it. This is a question of our national priorities and we should all say, this is worth it to us, this is what we want to pay for.

And maybe there are things, I think also taking about how to pay for it helps us to acknowledge that maybe there are things that we don't need to be paying for and there are places where we're spending too much. And if we never talk about, you know, how we're going to pay for it if we're just using for budgetary pension smoothing kinds of nonsense to pay for things, then we never have that real question about what are our priorities for what we're doing with our national resources.

MS. ROSS: And to Mike's point, the taxes, you know, really could be just on the wealthiest Americans, not necessarily you and your kids when they're older.

MR. TOMER: Right, right. So let's, we got so many questions from folks we're not going to get to them. Let's try to go lightening round. You know, it doesn't need to be yes, no but maybe keep answers as short as you can. We'll try to get through as many of these as we can. And just for everyone who is listening in we know there's a question mark in the title of the event. I will make sure I pose it to Tracey and Mike at the end to get some odds on where this is going and Rebecca is allowed to step aside. She can do the like, I'm too close to it, I can't answer it, position. But let's get right to it.

So, Alex Butkinbach, if I'm saying it right, asks a great question. Is it possible to create a strong infrastructure bill that will take environmental concerns into account within the current Senate? What environmental concerns would be taken into account? So again, let's try to go lightening round. We'll try to get through as many of these as we can by about let's say 57 on the hour.

MR. PAGANO: Yes. There's no reason that the Senate can't do something that addresses, they don't like to use the word, certain people don't like to use the word climate change. But there are senators from those states in which climate change is there, they know it, they can do something immediately, yes.

MS. ROSS: I'm probably not as decisive as Mike in the answer but I would hesitate and say I think so. For the reasons that he laid out but we've also seen folks who should be representing their constituents better vote in interesting ways. I'm going to try not to get into partisan politics too much now.

But I think that because infrastructure has historically, you know, maybe not in the past several years but historically been a bipartisan issue. Being able to see it in terms of wise investments, tie environment directly to infrastructure language and talk about, you know, creating jobs, American jobs for the bill. I think that that would help.

MR. TOMER: I'll keep going. I'm going to let you pass, Rebecca.

MS. HIGGINS: I just, can I just, I do want to acknowledge that we did have a highway reauthorization bill in our committee that has a climate title. This was led by our chairman John Grasso from Wyoming. And so, you know, on the one hand maybe. On the other hand, there are all sorts of easy things that can't get through the Senate right now so you really never know.

MR. TOMER: Yeah, for sure. Okay John Essinax has a question. How can a jobs focused proposal help under employed and unemployed individuals with an environmental sustainability and energy related trend?

MR. PAGANO: I think Tracey answered that one to start off with and that is we've got so many underserved communities with clean and potable water that yes, it could be done very quickly.

MS. ROSS: Yes, absolutely. So, I think that I'll say two things. So, I think that a stimulus bill we can talk about, have policies related to targeted hiring, talk about funding for job training. But I think that right now, we're at a critical point in our history where we can also think about something bold like a federal job guarantee and put bringing that in as an aspect of an infrastructure bill. It is a component of the green new deal that had been proposed but I think a federal job guarantee is something that we did essentially following the Great Depression.

It's a public option for a job that we need people employed, we have great needs in our communities. And so, I think that creating a public option for a job to work on infrastructure projects, we have a precedent for this sort thing and I think that given this point in history where it's still hard to pass legislation but I think that there's a bigger appetite for this given our historic unemployment levels, given the need that our economy is seeing that we need to propose something big like that. So, I think that jobs absolutely has to be part of the discussion.

MR. TOMER: The answer is yes. That's the ultimate (inaudible). All right, Roberta Tuckendright, I'm sorry if I said your name wrong, Roberta from the Stanford Woods asks, is there a way for a new infrastructure package to address issues of systemic racism and make the opportunities and outcomes more inclusive? Obviously, you've been already touching on this a ton, Tracey, which we appreciate frankly. But if folks have other words, do you think there's a way for the bill to make sure it gets at it directly?

MR. PAGANO: I think there's a lesson that we've learned in the past that we have to remember as we're creating this. And I don't know what the direct answer to her question is. But the reflecting back on history, we've used infrastructure as a way of dividing communities, especially on race.

If we're going to have any kind of a highway or a transit or a transportation program, it has to be an inclusive one not one that divides communities. We have over 100 years of doing that, we don't need to do it anymore.

MS. HIGGINS: Yeah and I would just add, I think that it does require a slightly different approach then the one that's currently employed. But I think that we have the tools to do it if we are willing to do it and so, you know, non-displacement agreements, community benefits agreements.

Like there are tools that can be used to ensure that the community has a place at the table in developing and designing that project and make sure that they're going to benefit themselves. That it's not just kind of infrastructure that goes through their community but is infrastructure that they want and will use themselves.

MS. ROSS: I agree.

MR. TOMER: Okay, very targeted question maybe just for Mike but this is important as he and I always break bread over fiscal stuff. Will expanded federal infrastructure financing for state and local agencies potentially distort the muni bond market? Do you have any concerns in that department?

MR. PAGANO: Distort the muni bond market, I don't think so. I don't think so but I think where that question was going is would a federal infrastructure program effectively substitute for what state and local governments would do on their own and that therefore effect the muni bond market that way.

There are so many needs, I think as one of your slides showed, Adie, there are so many needs where we have not invested enough. If there's not enough capital spending, capital investment infrastructure to begin with, historically we're at a very low point.

But we also have the problems of under spending or under maintaining the assets that we've already invested in so that they're useful. Like it's most likely not going to be reached because we don't invest in the repair and maintenance of infrastructure activity.

So, if a federal infrastructure bill and that's why it's important in the way it's crafted, it can't, number one substitute for what state and local governments would do. But number two, it has to be targeted in a way that allows or requires that the investment in that activity will be maintained over the useful life of that activity, of that fixed asset.

I don't think that it necessarily means that the municipal bond market is going to be -- it ought to be augmented or at least stabilized. But I don't see that it's going to have a negative effect unless the federal program substitute for what state and locals are going to do anyway. I think that would be very poor policy, poor planning on the part of state and local governments.

And there are ways of creating a federal infrastructure program that requires a maintenance of effort or maintaining a capital investment program without displacing something with federal aid. So no, it may but I don't think -- there are so many, the capital needs of this country are so great that I don't think that it will displace or ought to displace state and local government capital plans.

It has to be designed and the grant program has to be designed in a way that ensures that state and local governments maintain their spending plans. I'm optimistic, I don't think so.

MR. TOMER: Okay, that's a great answer. I'm going to go -- you can see I'm going to my speed voice now. Okay, Tracey or Rebecca, really quick question and then we'll get to that last one and wrap up. Do you think a stimulus program, a questioner asked this, can make sure they protect the health of both workers and the users? Is that something we can make sure we can include too? With regards to COVID, sorry.

MS. HIGGINS: COVID, okay. I think that that's something that we need to have an initiative, you know, right now. What are the needs to protect, you know, both the transit drivers and riders and how do we do that, what's the funding that's necessary to enable that to happen and maybe retrofit to vehicles and infrastructure to enable that to work.

But we need to have confidence that we can use our transit and public infrastructure systems safely. And we shouldn't assume that this pandemic is the last one that we'll face in our lifetime. So, these are things that we need to kind of get a handle on how to do. And so, I absolutely think it's a need and I think that we can do it but we need to kind of come together, acknowledge that it's a need and address it.

MR. TOMER: Okay. I'm going to jump right to the last question because that's what everyone wants. Rebecca, feel free to push yourself aside. Mike, Tracey, I'd love just percentage style. What's your confidence we might see a federal infrastructure stimulus bill and I'm going to specifically say the date. Let's say by next summer. So, new administration potentially or, you know, second Trump but new Congress for sure. What's the chances?

MS. ROSS: By next summer, I'm confident, you know. I think that there's enough headwinds in this or tailwinds rather of pushing the movement and the energy that people are seeing, we understand that so much needs to be done. I'm confident that people across the country are going to make the best decisions for their communities and paving the way for us to have important critical legislation like this.

And I think that even if we see a similar Senate, people are being very clear about their demands. And I have to believe that advocacy is an effective tool because it's the only tool that has been effective in making change. And so yeah, I'm going to say we can do it.

MR. PAGANO: I would say it depends on what happens over the next two weeks whether we have a Heroes Act or a Healed Act. If either of those go through, I think it reduces the probability of an infrastructure bill by next summer. If neither goes through, I think a very high probability we'll have an infrastructure bill next summer.

MR. TOMER: Wow. That's why you come to Brookings for this stuff, Mike with the heat, awesome. Rebecca, I'm going to let you stay out of it. I don't want to get you in trouble with anyone. Look, you all, thank you so much for taking the time this morning. Hopefully you've got a great day ahead of you, a good weekend coming up tomorrow.

Look, you can find, Mike does great work at the university and also with the National League of Cities with their fiscal report. Tracey Ross does great writing at PolicyLink and you will find her all across the internet. And, of course, Rebecca Higgins is trying to help the country get better. You will see her work through Senate bills in the future.

You can find everything we do at Brookings.edu. Make sure you go for both the work on COVID-19 but the folks and our colleagues across the institution are doing on essential topics based on the country. Thanks everyone, take care.

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