



A Guide to Understanding President Obama's Infrastructure Plan

Jess Sharp | September 7, 2010

Yesterday, President Obama unveiled his “Plan to Renew and Expand America’s Roads, Railways and Runways.” While the work in me was glad to see transportation reform and a few particular policies get some attention, the reality is the Administration used a string of vague, unfunded promises to appeal to a construction industry-dependent crowd at a political rally. Without funding or political support, today’s proposal is effectively DOA. Stepping back from the politics for a minute though, here are the policy proposals of note:

1. Performance-based metrics. Spreading money around by Congressional district in a meticulous, “everybody wins” way is handy for getting votes, but it doesn’t guarantee you’ll see fewer runway delays or fewer traffic jams on your way to work. The President’s “Race to the Top” Program, while controversial for pitting states against one another, has indisputably forced some long overdue policy debates in the education world. I like the idea of importing this framework to elements of transportation funding.
2. A National Infrastructure Bank. As our economy demands more and better-targeted spending on the infrastructure that supports the movement of goods, we need to find new, innovative funding sources that leverage both public and private funds. Many states use revolving funds as part of their overall transportation-funding plan, and, while these infrastructure banks can be difficult to capitalize it’s worth a serious discussion about perfecting this model and potentially adopting the idea at a national level.
3. Completing a Next Generation Air Transportation System. This isn’t a partisan issue, but it requires money and focus across multiple Congresses and Administrations. I’m glad to hear the President mention it.

So, the Plan sets down a few policy markers for Congress in a debate that will likely stretch out until the end of 2011, but he presented these proposals as at least a partial answer to our daily economic struggles. The truth is, if you were looking for the President to detail a plan that will make short-term improvements to your commute, or your job search, this isn’t it.

Here’s why:

1. He’s awfully late to the game. Congress has been talking about reauthorizing highway programs for more than a year now. In that time Obama’s Administration has pushed for delay rather than confront the daunting shortfall in the fuel-tax-backed trust fund that pays for these construction programs. In fact, his Secretary of Transportation has spent the past two years evangelizing for policies that get people out of their cars by putting bike paths and pedestrian walkways on equal footing with infrastructure for motor vehicles.
2. He’s out of touch with American voters on spending. While the country is focused on cutting up Congress’s credit cards, he seems to be gambling that Americas’ affinity for soaring



rhetoric and big thinking can trump Americans' more immediate concerns about the deficit. True, construction workers have been hit particularly hard by the recession, and this proposal/speech is designed to appeal to his Labor Day audience in Milwaukee and in union halls around the country, but the Stimulus bill has proven incredibly unpopular, and independents could take today's proposal as an indication that President has not gotten the message on spending.

3. He's offering no real solutions to the funding issue so the plan is DOA. If Congress had the money to pay for a transportation bill without adding to the deficit, they would have done it more than a year ago before the most recent highway-funding bill expired. Congress has never needed prompting from a President to spend money on roads and bridges back in their districts. The very strong political incentive to bring home the bacon that has been a mover of transportation bills in the past has not been enough to overcome America's serious aversion to deficit spending in 2010. Recognizing the near impossibility of funding a serious infrastructure bill last year, the Administration asked Congress for an 18-month delay of the bill, and said a gas tax increase was out of the question. It's not clear whether the Administration has a serious plan for breaking the funding logjam.
4. He's taking a "kitchen sink" approach. While each mode is important, there is a reason why each has its own bill that moves separately. Passing all three individually is hard enough. Aggregating them may make the job impossible. An aviation-funding bill has already passed both the House and Senate, but it has stalled repeatedly over a provision that would allow unions to more easily organize FedEx. Dropping a contentious labor

issue into the middle of an already charged highway funding debate seems like a bad idea.

The Administration clearly believes that today's proposal will have some positive short-term impact on middle class voters in the run-up to November 2 by creating the illusion of a \$50 billion infusion into the struggling construction industry. The truth is that Congress will spend the next 12 months debating these very policy issues, and will struggle to find practical, politically palatable ways to pay for them. Transportation reform is good for the economic long run, but it isn't the answer to our everyday kitchen table problems and these ideas shouldn't be packaged that way.