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FUNDS FOR INFRASTRUCTURE

CHALLENGES AND OPPORTUNITIES

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Funds for infrastructure

CHALLENGES AND OPPORTUNITIES

DOMINIC G. COLLETTA

In his fiscal year 2012 budget, President Obama included a proposal for a new, six-year surface transportation program worth $556 billion. In the first year, the budget proposes $50 billion in spending on roads, railroads and airport runways as a way to generate jobs. Although this is a lot of money, it is just a drop in the bucket in relation to the size of the problem. In the Portland, OR, metropolitan region alone, a 2008 study indicated a need to spend at least $27 billion over the next 30 years in order to address infrastructure needs. Extend these projections across the country, and one can see the magnitude of the problem. Crumbling roads, failing bridges, fracturing pipes, and all the negative economic impacts that result, are what we look forward to unless the situation is effectively addressed.

William A. Galston, Senior Fellow, Governance Studies for the Brookings Institution, in a blog dated September 7, 2010, presented an argument for a national infrastructure bank that can “focus on large regional initiatives that cut across jurisdictional lines” and “leverage a modest amount of publicly provided capital to attract much larger amounts of private capital.”

> **Focus on large regional initiatives that cut across jurisdictional lines. Leverage a modest amount of publicly provided capital to attract much larger amounts of private capital.**

The idea of an infrastructure investment fund that reaches across jurisdictional lines has already been put to work in a number of places around the country. The metropolitan regions of Salt Lake City, Chicago, Denver and Oklahoma City have developed public-private partnerships that have gained broad public support and delivered highly visible benefits. The California I-Bank offers another model, and overseas, the European Investment Bank has had tremendous success in financing significant infrastructure projects.

The Urban Land Institute, a nonprofit educational organization that promotes best practices in the use of land and the development of communities, has long supported a national infrastructure bank. The Obama administration has taken up this theme, and proposes to invest $30 billion in a national fund to be leveraged in the form of loans and grants for infrastructure projects across the country.

Many regions have realized that local problems can’t wait for a national solution. Too often, governments are prevented by budget limitations and jurisdictional constraints from funding critically needed projects. The Portland metropolitan region is joining the list of areas around the country that are using a public/private model to address infrastructure investments that are regionally significant. The concept that “a rising tide lifts all boats” underpins efforts to fund projects that may have to cross jurisdictional boundaries in order to truly make a difference.

New projects are needed, but they are only part of the solution. Infrastructure efficiencies have to be adopted that break down existing organizational and jurisdictional silos, so that we can make the best use of existing funds and deliver services in the most effective way. Does it make sense to have multiple service districts having separate and ill-matched systems serving small areas, or can we develop inter-governmental models that invite private investment to meet current and projected needs?

The challenge is before us, and the problems we must address become more critical with each passing day. Most of the major transportation and other infrastructure investments in this country were made 50 to 60 years ago. Physical infrastructure that already has exceeded its planned life is in daily use by a burgeoning population. Headlines bring us recurring stories of bridges that collapse, water mains that burst and sinkholes that open in major roadways. Needed transportation improvements go unfunded, while costs escalate due to overlapping layers of government hierarchy, and the population of the country continues to grow.

Other countries outspend us by many multiples in upgrading and modernizing transportation and other infrastructures. To compete, we must employ a combination of national and regional strategies that efficiently combine public and private investment to promote economic growth and improve quality of life for generations to come.

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