

InfrastructureUSA

Guest on THE INFRA BLOG

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Conversation with Steve Anderson, Managing Director, InfrastructureUSA

Election 2016: Infra Is in the Spotlight

I think it's the first time in recent history that we've seen two presidential candidates talk about the infrastructure needs and willingness to address the infrastructure funding deficit. We're also seeing state and local governments continue to support investing more in infrastructure, the latest example being New Jersey passing a 28-cent gas tax increase. So we really feel like the public is starting to get more engaged, starting to understand that we do have infrastructure needs around the country and are willing to come to the table to have serious discussions to figure out how to solve these problems. From the federal level, we just passed the FAST Act, which is a five-year surface bill that really provided five years of predictable funding. While it increased funding by about 10%, it still was not even nearly enough to meet the needs out there. But again, we're moving in the right direction. Between seeing more and more states step up to the plate, and then having the next president address this as one of their top issues, we really feel like we're building up momentum to a situation where we can have a serious discussion on figuring out a long-term, sustainable funding source, and not just one year here and one year there. We need to have some long-term predictability, because a lot of these projects take years to put together, and the most successful way they are able to do that is to know that they're going to get long-term funding. That will give the state and local governments the ability to then make investments in these projects to move forward and really make a difference in the infrastructure deficit. We had the Recovery Act in 2009, and only about 6.5% of that was infrastructure, and most of that infrastructure money went to curb replacements and potholes—which are important but, again, it didn't systemically change the way our infrastructure system works. So we believe we now have an opportunity to make a big difference in how our system works. We can make it more efficient, and make sure that it's modernized.

Our Country Needs to Repair the Roof

It's like owning a home. Let's say you get a leak in your roof, and you know you have a leak but you're like, "I don't feel like paying for that right now, so I'm just going to let it go because I'm more interested in having a nice kitchen." So you let the roof leak go and it keeps getting worse and worse, and then at some point all of a sudden you realize that now you have to replace the whole roof. And so what you could have fixed for \$500 is now going to cost several thousand dollars. That's kind of the analogy I'd use in the infrastructure world. When you don't maintain it, it falls apart, and then the costs to fix it are exponentially more than if you maintained it along the way. I think one of the reasons we found ourselves in this situation is that our political leaders love ribbon cuttings, and it's not sexy to maintain things. Just like when you own a home, everybody

wants that nice, new kitchen, but nobody wants to pay for the roof. Without the roof it doesn't matter how nice your kitchen is, your house isn't going to work. So we need to find a way to encourage our elected officials to say maintenance is OK, it's sexy, it's something that needs to be done, and you're going to be rewarded for making those boring investments, but much-needed investments. And again, they're not as fun as the ribbon cuttings and the new projects, but they're vitally important. Look at places all over the country—I'm in Washington, DC and I'm looking at our metro system here. 35 years ago it was the envy of the world, but they didn't maintain it and now we're in a situation where we're basically rebuilding a whole new system because it wasn't maintained. We're the United States of America; we're better than that. It's not an easy solution, not one that we can just snap our fingers and do, but with everyone working together we believe we can really make a difference. And obviously the time is now. The longer we delay making these types of decisions, the costs are just going to go up even higher. So from the business community's perspective, we'd rather deal with this problem now than delay it, because it's going to be the business community that ends up paying more down the road.

Progress Toward Real Systemic Change

People only know when things don't work. We just take for granted that the infrastructure is working and then we complain when it doesn't, but one of our challenges is a lot of the public doesn't know, "Who do I blame? Do I blame my local government, my state government, the federal government?" It's not very clear. People just use it. They don't understand who runs it. They don't understand the water systems. They don't understand how it works, so I think we need to probably re-educate people on how we got this stuff, how it happened. We need to do a better job of making our elected officials understand that, and letting them know the benefits to the economy of maintaining this stuff and how it hurts our economy when we don't maintain it. And then again, we're all worried about costs to the taxpayers—well it costs us a lot more down the road to fix things that weren't maintained than it would have to just maintain it to begin with. We believe that these projects need to be transparent and open. There needs to be an accountability, so if they make an investment in a project, they say it's going to be done a certain time, there needs to be an accountability if it's not. We believe at the federal level, between MAP-21 and the FAST Act, which were the last two authorization bills, that Congress has really brought focus to that. These bills aren't earmarked anymore. I think we've made a lot of progress in this area. We've got to continue to build on it, but again I think we're definitely trending in the right direction.

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