



washington dc update

September 7, 2010

President Announces New Infrastructure Investments

Yesterday, in a speech to a labor convention in Milwaukee, President Obama announced a \$50 billion program for re-vamping “roads, railways, and runways.” Additional details of this plan will be announced by the President in a speech tomorrow in Cleveland.

It is always disappointing to us anytime major infrastructure initiatives are announced and water resources are not included. WESTCAS members understand that economic prosperity is simply not possible unless it is supported by water infrastructure. Perhaps additional details of the President’s plan will address our concerns.

In the meantime, we have attached a copy of the “Fact Sheet” issued yesterday in conjunction with the President’s remarks in Milwaukee (see the following White House website link for full report – [Obama Plan](#)). The initiative is described as “among a set of targeted initiatives.....to support our economic recovery and ensure long-term sustainable growth.

Here are two key components of yesterday’s announcement:

1. In addition to the tens of billions in spending for the initiative, there is also prominent mention of “expanding investments in areas like safety, environmental sustainability, economic competitiveness, and livability—helping to building communities where people have choices about how to travel, including options that reduce consumption, lower greenhouse gas emissions, and expand access to job opportunities and housing that’s affordable.”

It would appear that the Administration is very much including its “sustainability agenda” in this proposed federally supported spending. Should funding for these initiatives ever materialize, some have questioned the degree that recipients will have to adhere to these “livability” standards as a condition of receiving funding?

The President’s proposal also includes an “Infrastructure Bank.” We’ll have to look closely at the details of this package to determine how they may differ from several pieces of Congressional legislation calling for the same thing which are currently stalled.

Here is how the President’s proposal for a Bank would work:

“This marks an important departure from the federal government’s traditional way of spending on infrastructure through earmarks and formula-based grants that are allocated more by geography and politics than demonstrated value.



Instead, the Bank will base its investment decisions on clear analytical measures of performance, competing projects against each other to determine which will produce the greatest return for American taxpayers.”

A somewhat similar process was recently on display in the Department of Education’s “Race to the Top” challenge grants that were announced on August 24th. Billions of dollars in Federal education funding were at stake in this “competition.” The winners were: Maryland, Florida, Georgia, Hawaii, Massachusetts, New York North Carolina, Ohio, Rhode Island, and the District of Columbia. At first glance, this “competition” appears to have resulted in awards that appear to be concentrated along the East Coast. Indeed, the only exceptions are Ohio and Hawaii. This has caused some to suggest that Federal funds allocated by geography and politics may not be a totally bad thing.

Conclusion

The headlines today are focused on \$50 billion for infrastructure. But WESTCAS members need to be thoroughly briefed and mindful that just as there is no such thing as a free lunch, this particularly applies to Federal infrastructure dollars.

WESTCAS members also need to think very carefully about the implications of moving the decision-making process out of the legislative arena with regard to infrastructure spending. This is sure to become an increasing part of the discussion as Federal discretionary spending is squeezed by the weight of the deficit.

Establishing a clean, unbiased process for making these decisions outside the sphere of messy politics is attractive. In fact, if you liked the results of the “Race to the Top” competition for Federal education funding, the idea of an infrastructure investment bank might be very appealing.

Most observers believe that the Congress won’t have time to address the President’s proposals before the election. With Congress returning to session next week, we should have an answer soon.

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