



ISSUE BRIEF : Q3 2019

SOLUTIONS 2020

INFRASTRUCTURE & THE 2020 ELECTION

► **BUSINESSFORWARD**

EXECUTIVE SUMMARY

- America's infrastructure is failing and we are falling behind our global competitors. We are not investing adequately in infrastructure that will power the economies of tomorrow (e.g., an energy grid to support a clean energy economy) and we are ignoring repairs to functionally obsolete existing infrastructure (e.g., roads, bridges, and levees).
- To address these challenges, our infrastructure must function as a national system, not a series of balkanized city-states. Strong financial backing from the federal government is critical to success. State and local entities should identify priorities and be partners in the effort, but the federal government must also be engaged.
- President Trump campaigned on promises of prioritizing infrastructure, but he has refused to acknowledge the essential role of the federal government to fund investments and provide strategic leadership. He has failed to offer specifics for how his proposal would work.
- Other 2020 candidates are offering serious proposals with detailed specifics on areas of infrastructure investment and how their plans would be paid for. The next president must lead a diverse coalition of public and private stakeholders to achieve real progress.

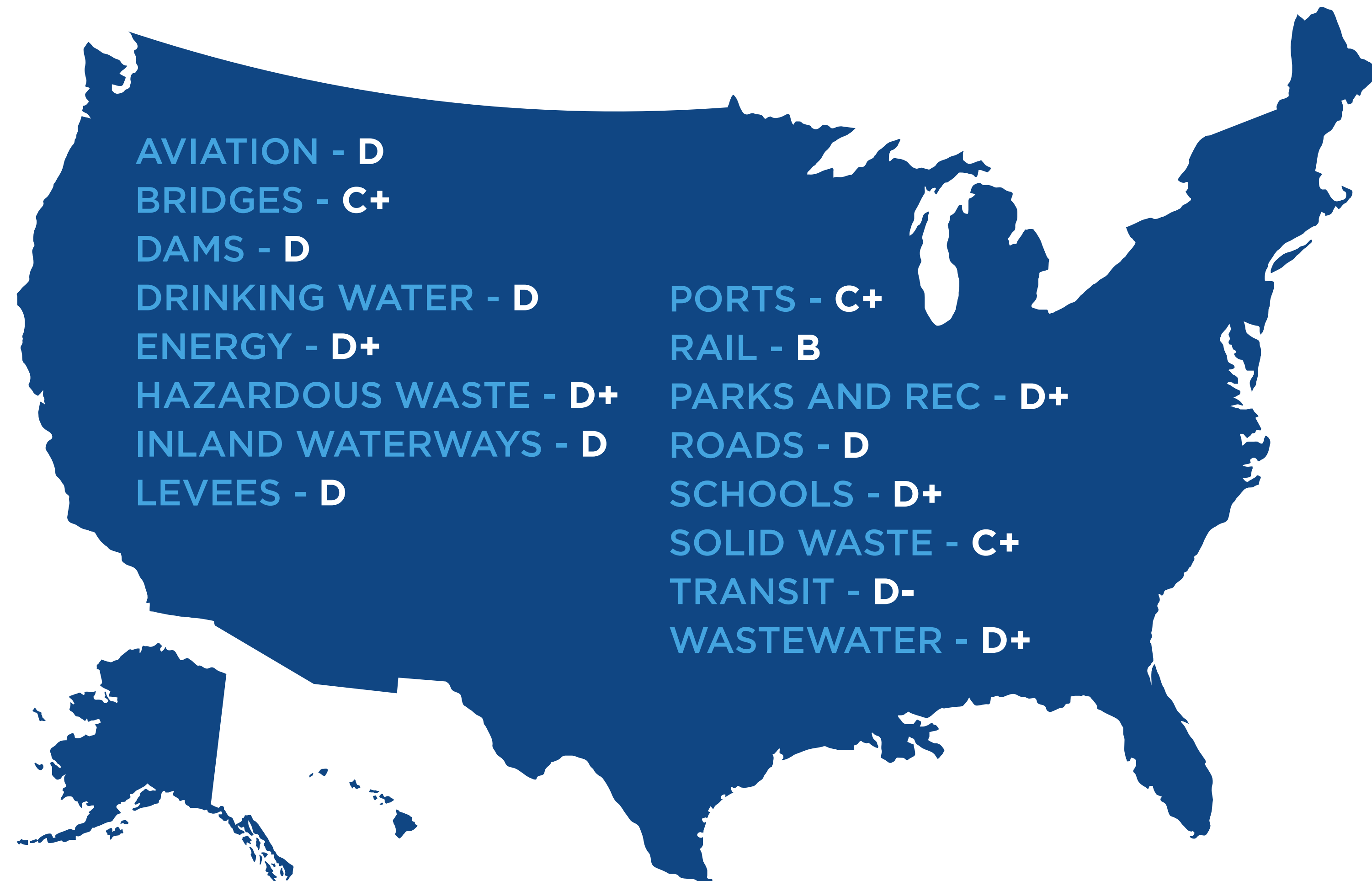
AMERICA'S INFRASTRUCTURE IS GRADED A 'D+'

The American Society of Civil Engineers rates America's overall infrastructure a D+. Much of our core infrastructure is structurally unsound or has outlived its original design life.

CUMULATIVE
INFRASTRUCTURE
SCORE:

D+

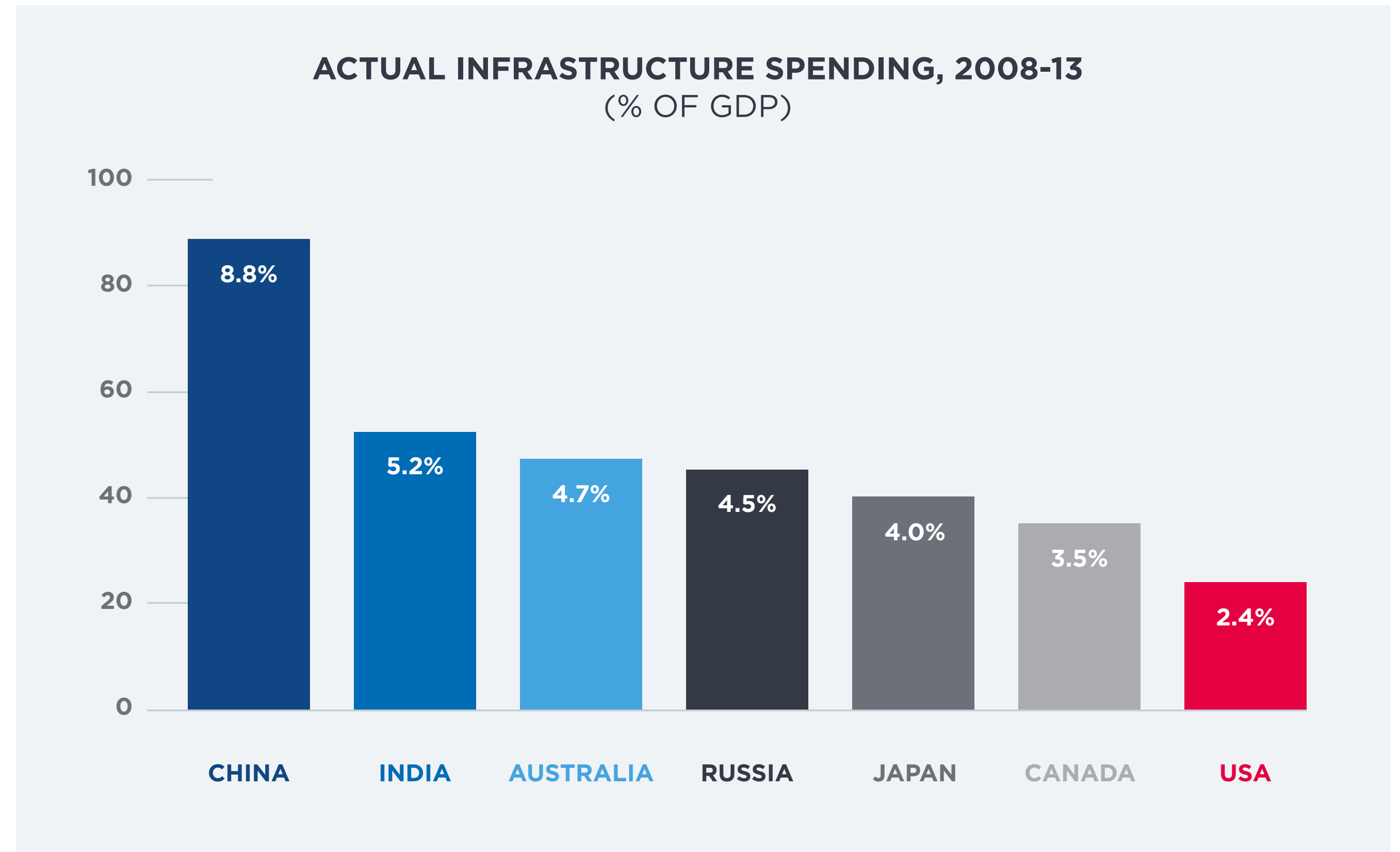
A - EXCEPTIONAL
B - GOOD
C - MEDIOCRE
D - POOR
F - FAILING



SOURCES: ASCE

AMERICA IS FALLING BEHIND GLOBAL COMPETITORS

- The U.S. is falling behind our global competitors (both developed and developing economies) in investing in the infrastructure that will power the economies of tomorrow (an energy grid that will help transition to a clean energy economy; decarbonization of aviation and shipping; broadband for rural communities).
- We are also falling critically behind in maintaining our existing infrastructure (roads; bridges; levees; rail; drinking water infrastructure), much of which is now functionally obsolete.
- This failure to adequately invest in our infrastructure imposes a hidden tax on American businesses and the costs ripple through our economy. For example:
 - Increased vehicle emissions, which cause deterioration in air quality and lead to asthma and other respiratory illnesses.
 - Lost productivity by workers stuck in traffic and trucks taking more time to complete each delivery, increasing supply-chain costs.
 - Significant personal impacts through missed appointments, time with family, and other important (and economically valuable) commitments.

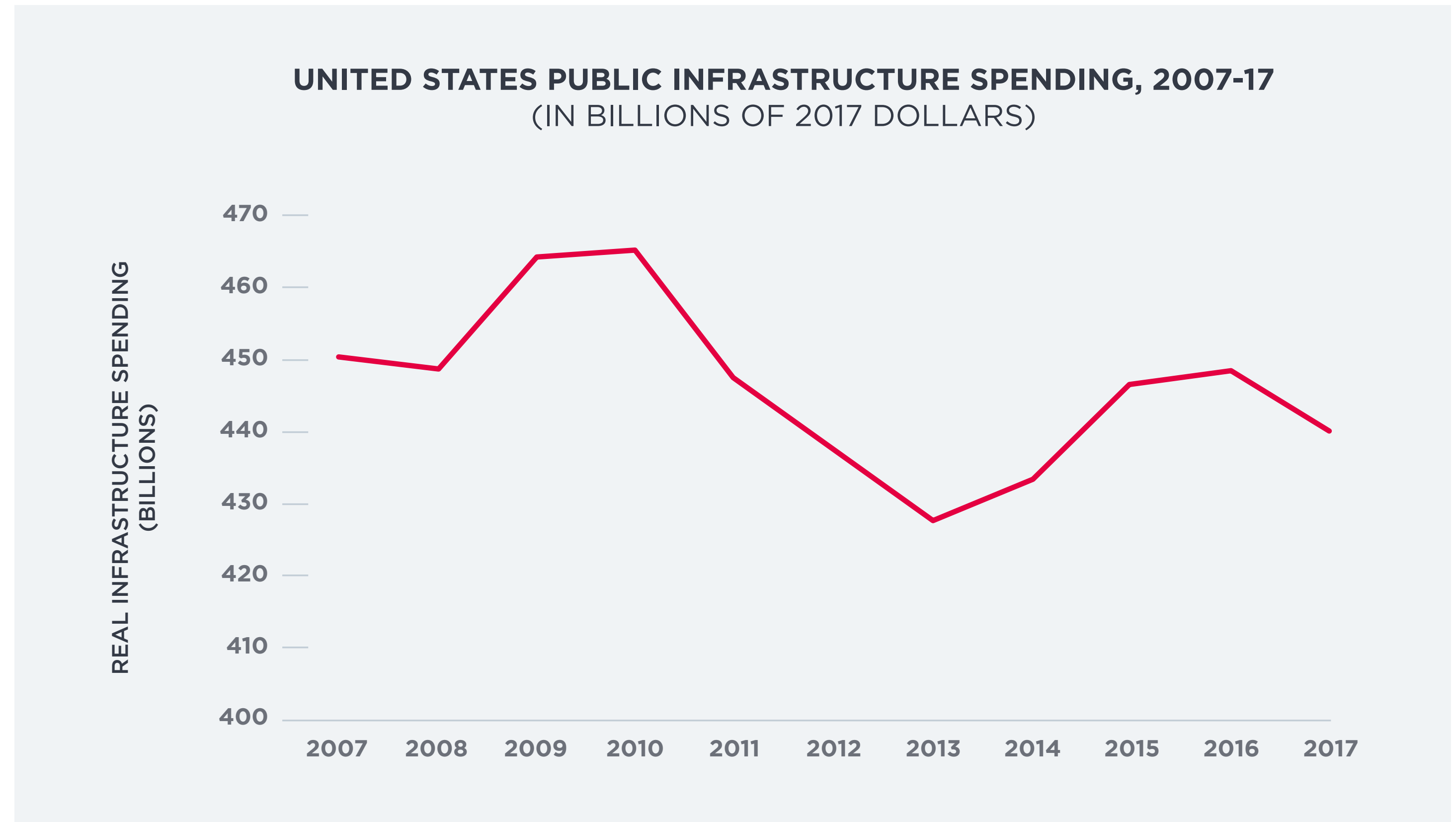


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REAL DOLLAR INVESTMENT IN INFRASTRUCTURE IN THE U.S. HAS DECLINED OVER THE PAST DECADE

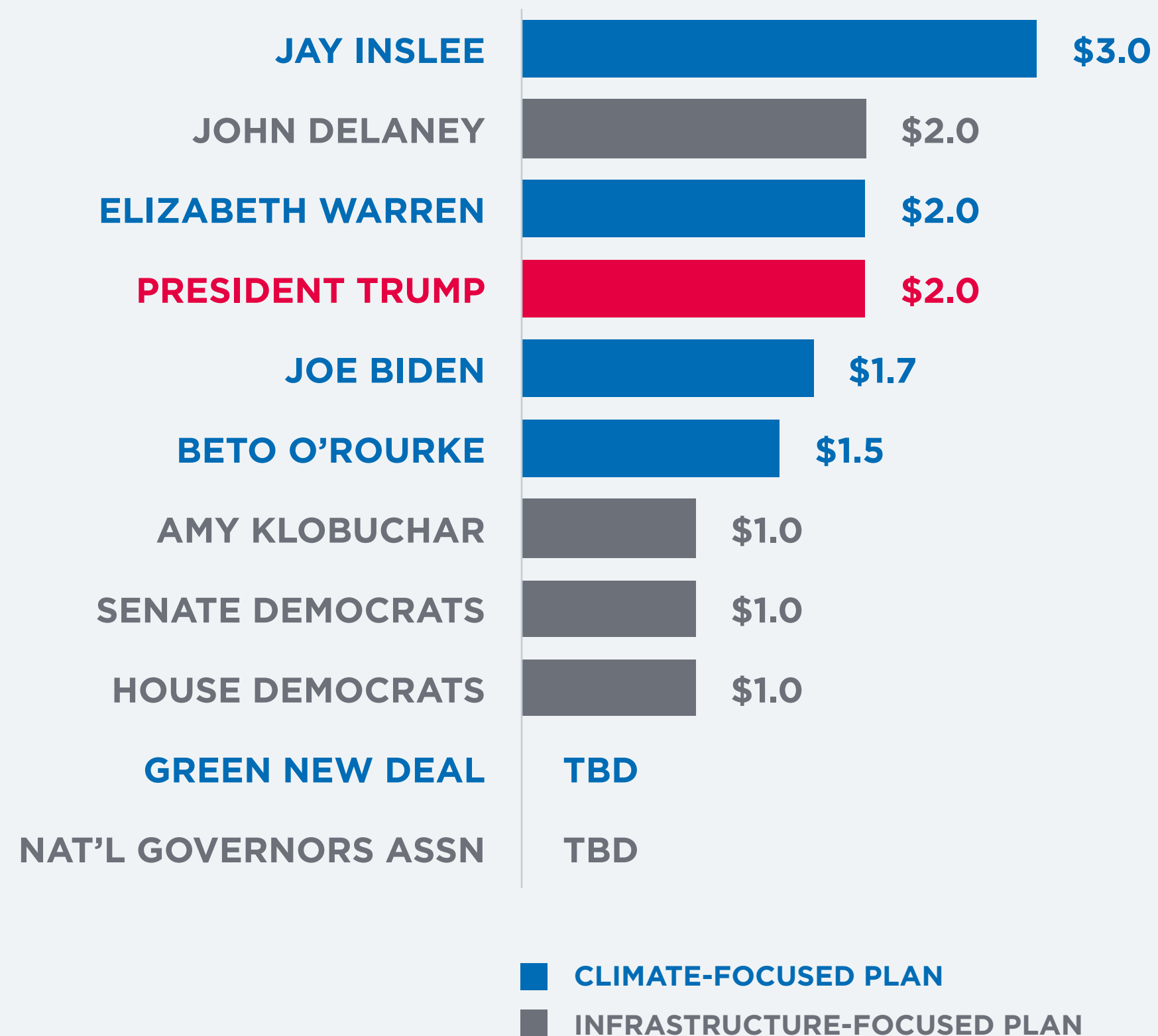
Between 2007 and 2017 annual total public infrastructure spending nationwide in real terms declined \$9.9 billion.

While nominal spending increased, rising materials costs have decreased spending power.



SEVERAL 2020 CANDIDATES HAVE INTRODUCED NEW INFRASTRUCTURE PLANS TO THE LANDSCAPE OF EXISTING PROPOSALS

SPENDING COMMITMENTS OF RECENT INFRASTRUCTURE PLANS
(IN TRILLIONS OF DOLLARS)



FIVE TRENDS OF THE NEW PLANS FROM 2020 DEMOCRATIC CANDIDATES:

1. Many candidates have wrapped their infrastructure policy into their broader climate plan.
 - Some focus on electric vehicles, resilient cities, clean energy, and sustainable urban mobility.
2. These plans expand the scope beyond what is considered “critical infrastructure” that government must maintain (e.g., schools, rural broadband, and rail).
3. Several plans include innovative financing such as bonds, public-private partnerships, and matching funds.
4. Candidates deftly connect infrastructure with other positive social outcomes and policy issues including fair wages, “hire local,” “buy America,” and environmental equity.
5. These plans contain large numbers (\$1tn+), although spending precision varies widely.

MANY CANDIDATES PROPOSE SERIOUS FUNDING SOLUTIONS WHILE TRUMP'S PLAN FAILS TO ACKNOWLEDGE THE ESSENTIAL FEDERAL ROLE

AMY KLOBUCHAR	<ul style="list-style-type: none">- Set corporate tax rate at 25% and close loopholes.- Levy financial risk fee on large banks and increase tax enforcement.- \$25 billion for an Infrastructure Financing Authority to spur additional \$200-300 billion in private investment.
JOE BIDEN	<ul style="list-style-type: none">- Reverse Trump tax cuts.- Reduce incentives for tax havens, evasion, and outsourcing.- Close tax loopholes.- End subsidies for fossil fuels.
JOHN DELANEY	<ul style="list-style-type: none">- Raise corporate tax rate to 27%.- Increase gas tax to account for inflation since 1993.- Grant-based and competitive funding vehicles to fund various types of projects (Infrastructure Bank, Highway Trust Fund, Climate Infrastructure Fund, Matching Funds for Water, Schools, Deferred Maintenance, Rural Broadband, and Areas Left Behind).
SENATE DEMOCRATS	<ul style="list-style-type: none">- Return top individual tax rate to 39.6%.- Set corporate tax rate at 25%.- Return Alternative Minimum Tax to 2017 law.- Close tax loopholes.
DONALD TRUMP	<ul style="list-style-type: none">- Has never acknowledged the essential role of the federal government to fund major infrastructure projects.- Claims to leverage private capital but offers no specifics on how the plan would work.

STRONG FINANCIAL BACKING FROM THE FEDERAL GOVERNMENT IS CRITICAL FOR A PLAN THAT IS TRULY NATIONAL AND ABLE TO ADDRESS THE FULL SPECTRUM OF INFRASTRUCTURE PRIORITIES

The local perspective: The federal government is a critical partner in ensuring healthy funding and maintenance across the full spectrum of infrastructure.

- The current negotiations in Washington have not contemplated enough federal funding for cities to think holistically about infrastructure — beyond just roads.
- Local and state players have raised considerable new revenues for infrastructure in the last decade, and they now desire similar serious investment from the federal government.

“

Infrastructure projects of regional & national significance, which underpin economic revitalization efforts across the country, require a federal-state-local partnership. The local and state partners have made this a priority. What happened to the federal partner?

”

- JOHN D. PORCARI
FORMER DEPUTY SECRETARY
OF TRANSPORTATION

“

From a local perspective, thinking about a lot of the infrastructure conversations happening today, without lots of funding from the federal government, the math is simply unsustainable for local and state governments to take a holistic view of infrastructure, especially for less visible projects such as water and sewer systems.

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- MAYOR NAN WHALEY
DAYTON, OHIO

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There is a national imperative to connect the seams and gaps in our infrastructure across jurisdictional boundaries, building a national system out of local choices. Our future standard of living and quality of life depends on it. Only the federal government can play this role.

”

- JOHN D. PORCARI
FORMER DEPUTY SECRETARY
OF TRANSPORTATION

NO MATTER HOW PLANS ARE ULTIMATELY FUNDED, TODAY'S SLATE OF INFRASTRUCTURE PROPOSALS CAN BE STRONGER

- Room exists for deeper planning for the costs and policy challenges of incorporating new autonomous vehicles into the economy.
- Not much attention is paid to the importance of freight movement in the U.S. economy.
- Transportation for America, a progressive group, recommends greater accountability, spending majority of funds on maintaining existing roads, and competitive programs through which states and communities can apply for projects.

“

Candidates recognize that infrastructure can be about way more than bridges.

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- CARLOS MONJE JR.
ASSISTANT SECRETARY FOR TRANSPORTATION POLICY,
US DEPARTMENT OF TRANSPORTATION, 2015-2016

THE NEXT PRESIDENT WILL NEED TO BRING TOGETHER A DIVERSE COALITION TO IMPLEMENT A ROBUST INFRASTRUCTURE PLAN

A DIVERSE COALITION

Road builders
Industry
Chambers of Commerce
State transportation officials
Railroads, transit, and trucking orgs
Conference of Mayors
Think tanks
Transportation for America
Equity and environmental groups

Since 1991's Intermodal Surface Transportation Efficiency Act (ISTEA), five reauthorization bills have passed—often late, and leaving a gap in proactive policy.

The Fixing America's Surface Transportation (FAST) Act passed four years ago with overwhelming margins.

- A broad coalition of partners and supporters helped make the bill a success.
- Administration leadership also supported the bill.
- Transportation Secretary Foxx did a bus tour across the country to promote the bill.

The next administration will need to reengage and broaden that coalition if it wants to get resources and policies in place for the next large infrastructure effort.

ABOUT BUSINESS FORWARD

Business Forward works with more than 100,000 business leaders across the country – and more than 650 mayors, governors, Members of Congress, and senior Administration officials have participated in briefings, including two presidents and a vice president.

Local business leaders in the Business Forward network tend to be from small and medium-sized companies representing a range of industries. They are a civic-minded and results-oriented group. Six in 10 are women. One in four live in rural areas.

SOLUTIONS > 2020

Solutions 2020 is a Business Forward initiative pairing leading policy experts with local business leaders from around the country to outline challenges facing our country and develop real-world policy solutions to share with the 2020 presidential candidates. Seven presidential candidates--Senators Harris, Booker, and Klobuchar; Mayor Buttigieg; Congressmen Delaney and Moulton; and investor and philanthropist Tom Steyer -- have already participated in briefings.

As part of the *Solutions 2020* programming, we are building working groups on a range of policy areas and producing issue briefs for the presidential campaigns and other local business leaders. [Click to join the Solutions 2020 program here.](#)

SOLUTIONS 2020 INFRASTRUCTURE WORKING GROUP

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*for co-authoring this report
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