ISSUE BRIEF : Q2 2019

# SOLUTIONS 2020

## INFRASTRUCTURE BRIEFING

BUSINESS FORWARD

# EXECUTIVE SUMMARY

**America's infrastructure is a foundational investment in a better quality of life and a better standard of living**. Infrastructure investments are economic development in its most pure form, the basis of our future prosperity. They tell us a lot about how we see the future.

Whether the infrastructure we are talking about is roads, railways and runways, telecom or transit, moving goods, people or data, it is also a method of paying it forward for the next generation, a barometer of our faith in the future.

**Yet in virtually every infrastructure category, whether it's broadband, inland waterways, drinking water, airports, transit, roads or bridges, the U.S. gets a failing grade.** When you remember that our competition is not one U.S. region versus another, but international economic competitors like China, it is clear that investing in our infrastructure matters.

**By this measure, we are failing the future—and ourselves today.** Miserably. Failure to act today imposes a measurable and onerous tax on the future. For businesses. For your children. The time is now to invest in our future, creating well-paying jobs and ensuring our future economic competitiveness.

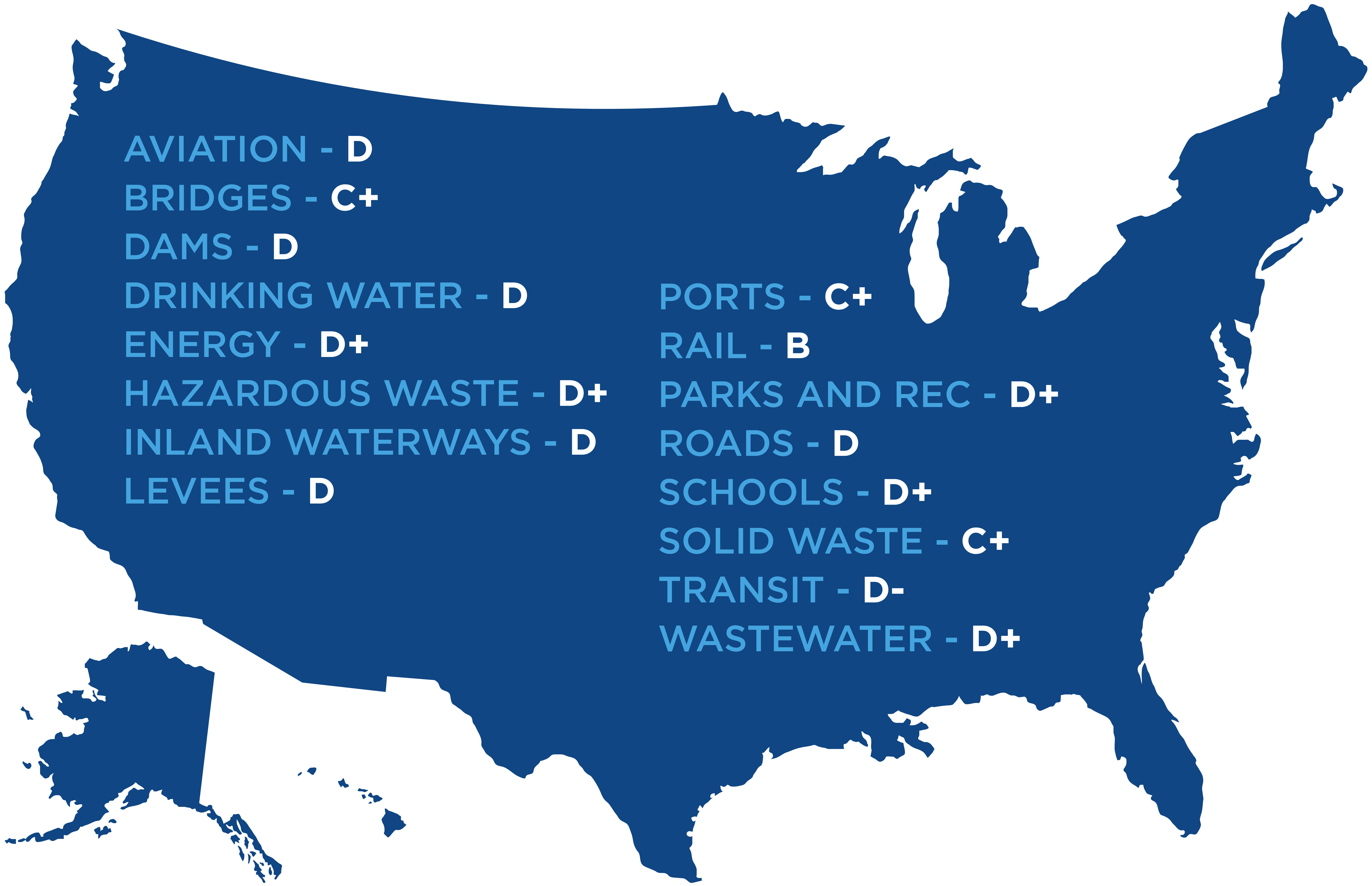
# AMERICA'S INFRASTRUCTURE IS GRADED A 'D+'

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

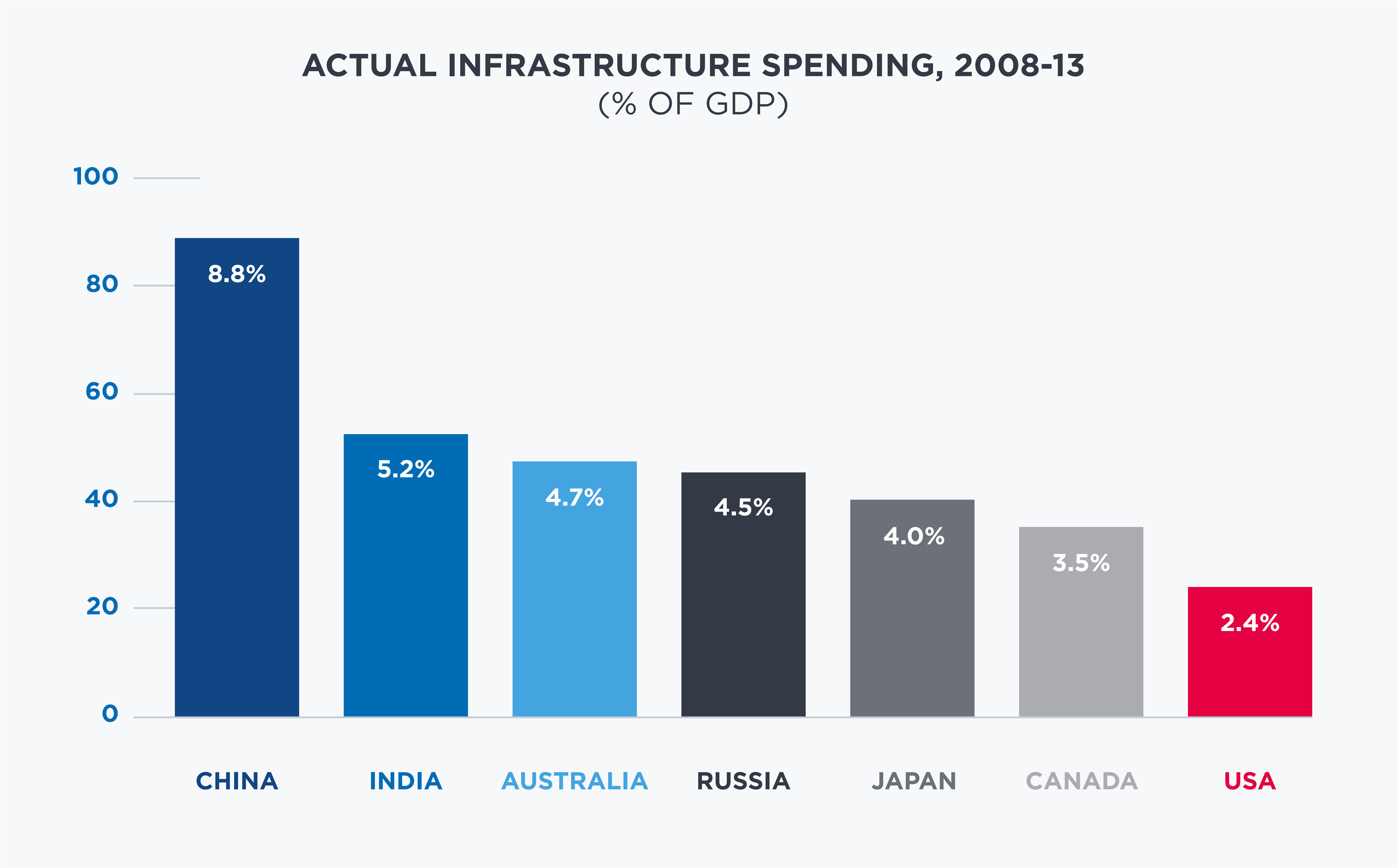
# AMERICA IS FALLING BEHIND GLOBAL COMPETITORS

- 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.

- We are also falling critically behind in maintaining our existing infrastructure, much of which is now functionally obsolete.

- This failure to adequately invest in our infrastructure imposes a hidden tax on American businesses.

- These costs ripple through our economy, hampering the competitiveness of American businesses more broadly.

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# CONGESTED HIGHWAYS AND BRIDGES IMPOSE REAL COSTS ON AMERICA'S BUSINESSES

Congestion poses significant challenges for America's businesses costing billion of dollars:

- **Fuel burned by idle vehicles. 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 job interviews, time with family and other important (and economically valuable) commitments**

**CONGESTION COSTS U.S. COMMUTERS**

**7**

**BILLION HOURS**

**=**

**$90B**

**LOST WORKER PRODUCTIVITY**

SOURCE: TEXAS TRANSPORTATION INSTITUTE, URBAN MOBILITY REPORT.
1. CONGESTION LEADS TO 6.9 BILLION LOST HOURS IN TRAFFIC. AT $27.60 AVERAGE US WAGE, AND ASSUMING THAT TIME IS AT LEAST 50% UNPRODUCTIVE (I.E., NOT MAKING PHONE CALLS, ETC.), TRANSLATES TO ~$90B PER YEAR.

# CASE STUDY: BRENT SPENCE BRIDGE

## BRENT SPENCE BRIDGE REPRESENTS OUR BROADER FAILURE ON INFRASTRUCTURE

Originally built in 1963, the same year as the Studebaker Avanti,
today this bridge is about as obsolete as the car it shares a birth year with...



...yet we have consistently failed to invest in needed repairs
for this bridge that carries cargo equivalent to 3% of our GDP each year.

# CASE STUDY: BRENT SPENCE BRIDGE

## AMERICAN AUTO MANUFACTURERS AND SUPPLIERS DESERVE BETTER

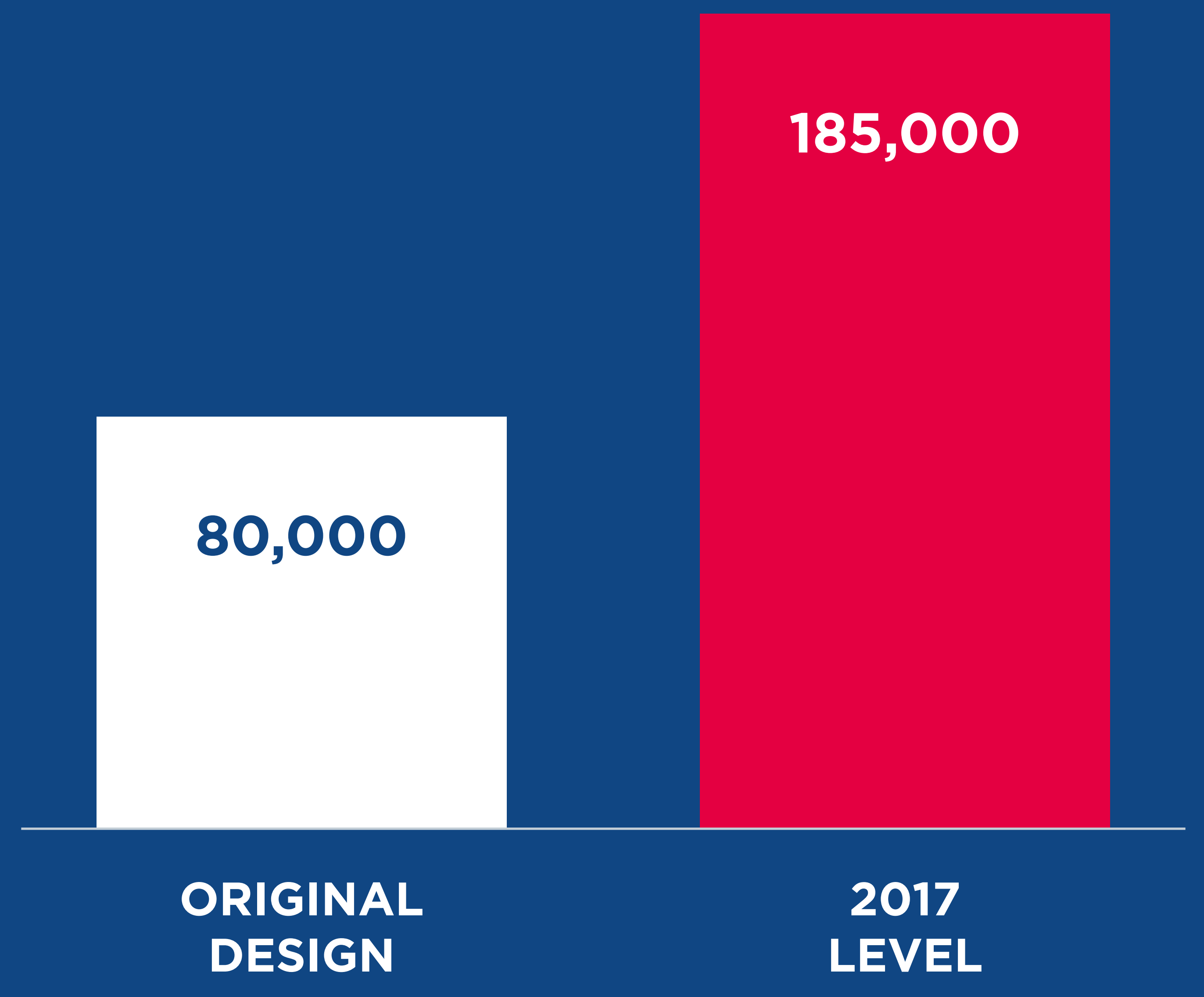
### “AUTO ALLEY”

The Brent Spence bridge carries I-75 over the Ohio River, connecting Cincinnati, Ohio with northern Kentucky. It is the key artery for what economic development experts have dubbed “auto alley”, tying together America’s largest concentration of auto manufacturing to its supplier network and legion of support jobs.

### 3% OF AMERICA’S GDP

I-75 is the connective tissue for the heartland of American manufacturing and the Brent Spence bridge is its dangerous choke point.
3% of America’s GDP crosses this bridge in trucks, and today’s rolling warehouses for just-in-time manufacturing are caught in a seemingly interminable bottleneck.

**DAILY VEHICLE TRAFFIC**




**VEHICLES ARE 3-5X MORE LIKELY TO BE INVOLVED IN A CRASH ON THE BRENT SPENCE BRIDGE THAN ON THE OHIO, INDIANA AND KENTUCKY INTERSTATE SYSTEMS.**

SOURCE: THE CINCINNATI ENQUIRER / KENTUCKY TRANSPORTATION CABINET, TEXAS TRANSPORTATION INSTITUTE

## YET PRESIDENT TRUMP'S INFRASTRUCTURE ADVISOR OPPOSES FEDERAL FUNDING FOR BRENT SPENCE BRIDGE

### TRUMP ADVISOR'S ARGUMENT AGAINST A FEDERAL-LOCAL PARTNERSHIP

1. Federal funding can crowd out state and local spending.

2. Federally-funded projects can cost more due to fair wage standards and the Buy America Act.

3. Federal dollars originally come from local taxpayers.

### THREE REASONS WHY THIS VIEW IS WRONG AND HARMS AMERICAN BUSINESSES

1. Our transportation network must function as a national system, not a series of Balkanized city-states. China is executing a national infrastructure plan, not a provincial one.

2. Faster economically growing states will be even more successful while slower growth states will fall further behind, particularly disadvantaging rural areas.

3. Major infrastructure projects, by definition, are often beyond the economic ability of regions or states to pay for by themselves.

SOURCE: POLITICO, 3 REASONS TO THINK TWICE ABOUT AN INFRASTRUCTURE BILL, D.J. GRIBBIN, MARCH 27, 2019

# THE COST OF DOING NOTHING IS ENORMOUS AND GROWS BY THE DAY

### More Expensive Every Day

The planning work and environmental approvals for a new Brent Spence bridge are completed. What is lacking is the federal and bi-state funding. It gets more expensive every day, even as it imposes a productivity drag on the region and the nation.

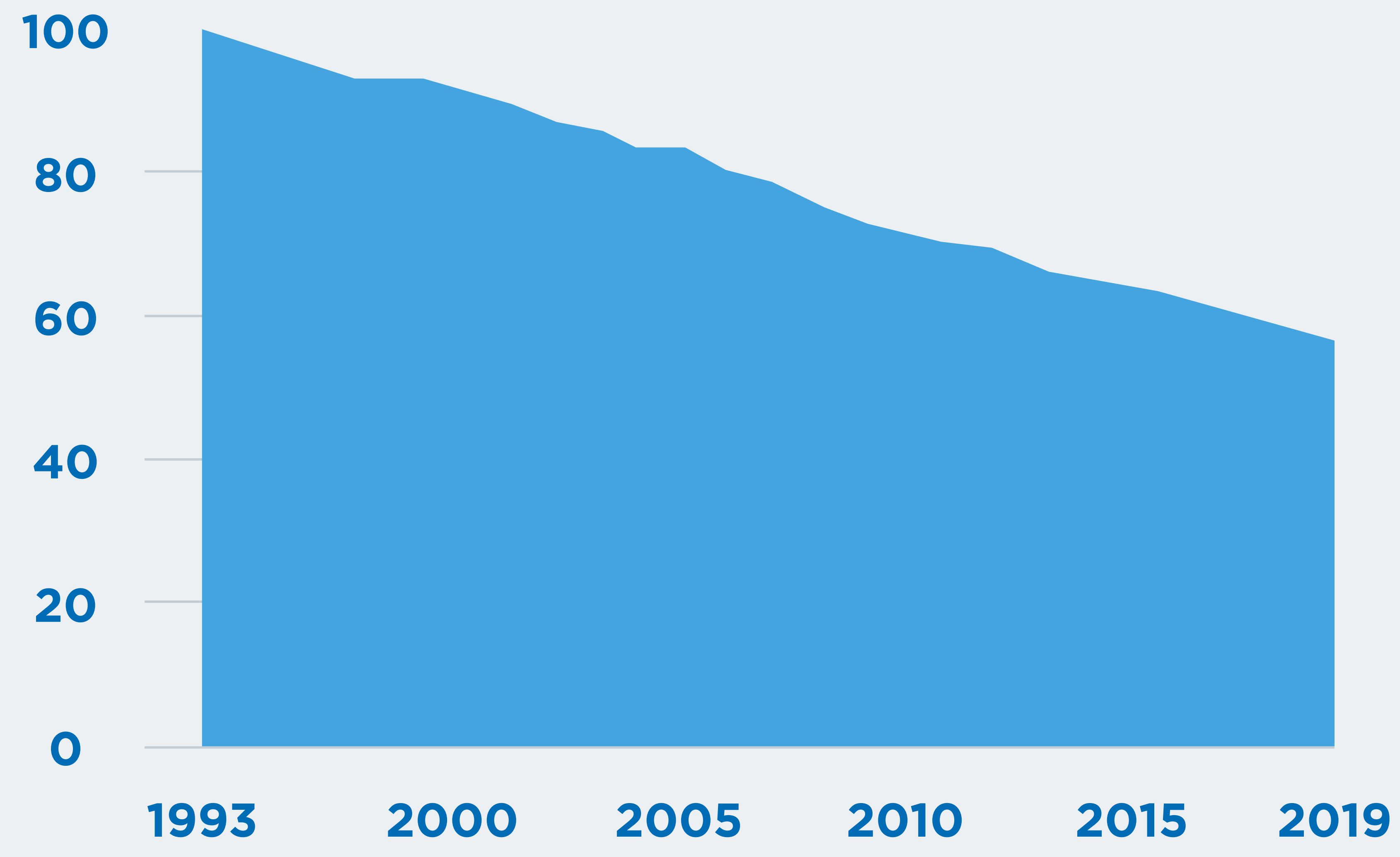
### Declining Spending Power

The federal fuels tax is not indexed to inflation, and has not been raised since 1993. This significantly restricts our ability to fund much-needed improvements in infrastructure.

### Erratic Funding from Congress

Not only is federal funding inadequate, it is also erratic. Congress used to produce 10-year highway funding plans. With shutdowns and short-term appropriations it becomes harder to plan and invest.

**PERCENT OF SPENDING POWER INDEX**
(1993=100)




**WITHOUT A COMPREHENSIVE FIX TO THE FEDERAL FUELS TAX, WE ARE LEFT WITH ALMOST 50% LESS TRANSPORTATION SPENDING POWER THAN WE HAD IN 1993.**

SOURCE: BLS

# INVESTING IN INFRASTRUCTURE IS AN INVESTMENT IN ECONOMIC GROWTH AND GOOD JOBS

## LONG-RUN ECONOMIC GROWTH

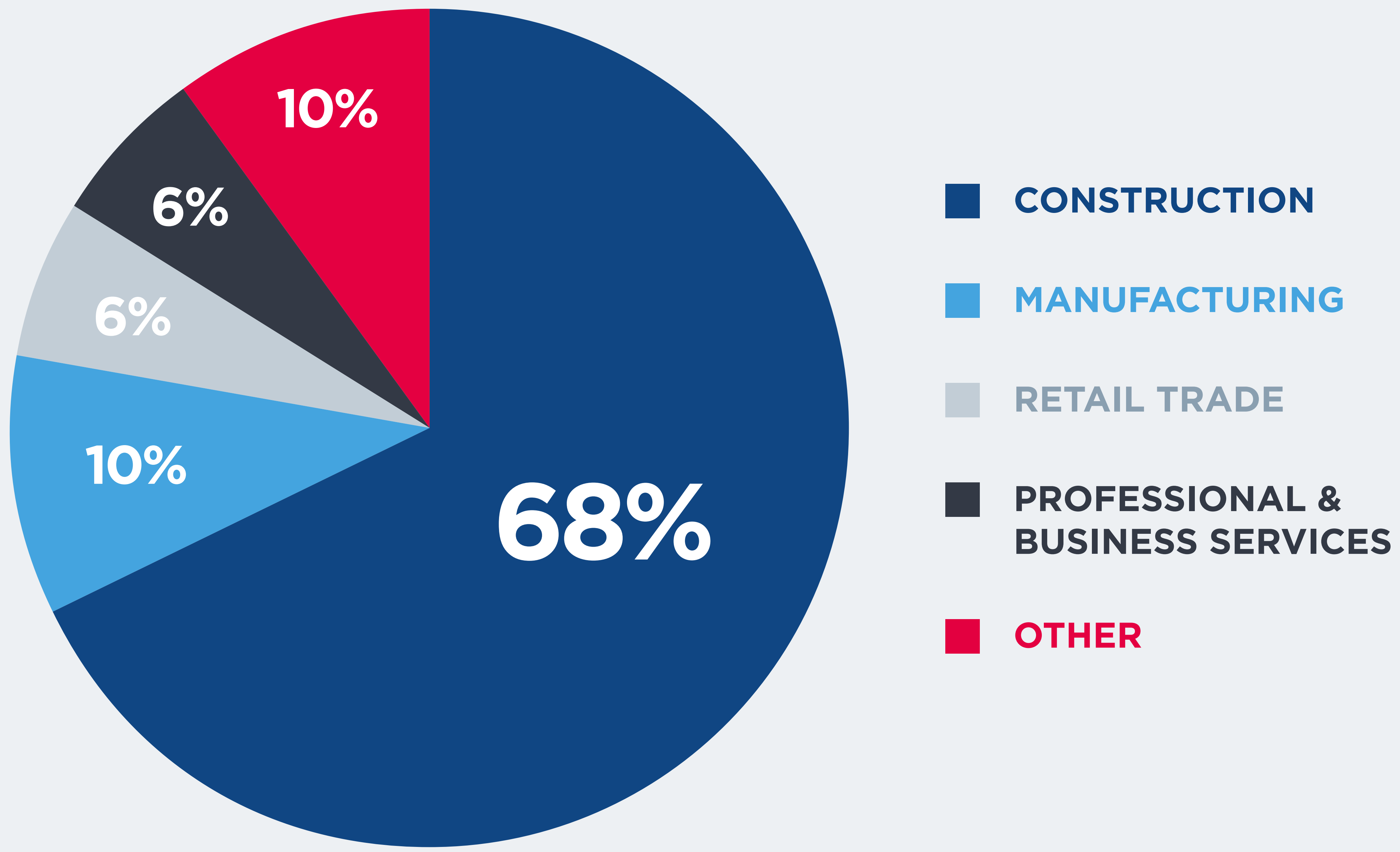
Infrastructure investments boost long-run economic growth.

**EACH $100 SPENT ON INFRASTRUCTURE COULD POTENTIALLY BOOST ECONOMIC OUTPUT BY $160.**

**1.6x**

## JOB CREATION

Each $1B spent on infrastructure creates 10,000 FTE jobs across a range of sectors.




SOURCES: EPI AND OBAMA WHITE HOUSE REPORT. MULTIPLIER COMES FROM MARC ZANDI ANALYSIS OF INFRASTRUCTURE SPENDING IN ARRA

# ROADS AND BRIDGES ARE JUST ONE CRITICAL INFRASTRUCTURE AREA FOR INVESTMENT

We need substantial investment to make our **energy grid** more resilient and transition to a clean energy economy.

86% of Americans still drive a car to work, and inequality in access to **public transit** is a serious roadblock to economic mobility in cities across America.

Our **drinking water** infrastructure is outdated and vulnerable to contamination in extreme weather events and from lead pipes.

Our **seaports** and **airports** deteriorate from lack of investment while our global competitors are making major investments.

Six in ten rural Americans believe access to **broadband** is a problem in their area, thereby limiting economic growth.

SOURCES: BLS AMERICAN TIME USE SURVEY; ASCE

# GETTING MORE FROM INFRASTRUCTURE DOLLARS

| FIX IT FIRST | WORKFORCE | TECHNOLOGY | CLIMATE CHANGE | FINANCING & PLANNING |
| --- | --- | --- | --- | --- |
| Maintaining existing roads saves more money and produces more jobs over the long term. | Training programs and apprenticeships create middle-class jobs in a tight labor market. | Integrating intelligent systems improves performance and safety. | Fuel economy standards, land-use planning, expanded rail and transit cuts CO2 even as we move more people and goods. | Public-private partnerships, and regional coordination can reduce long-term costs and improve results. |

SOURCES: BLS AMERICAN TIME USE SURVEY; ASCE

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