

CMAP's Position on the Infrastructure Portion of the Economic Recovery Bill
January 27, 2009

The Chicago Metropolitan Agency for Planning (CMAP) supports the inclusion of infrastructure funding in the American Recovery and Reinvestment Bill of 2009. Investment in our roads, bridges, transit, freight, and water and sewer infrastructure will create jobs, generate orders for American factories, and increase economic productivity. Furthermore, these investments are critical for maintaining our current system. According to the American Society of Civil Engineers, the United States faces a \$1.6 trillion infrastructure gap. This is what it takes simply to properly maintain and repair what we have. However, the House Appropriations version of the bill stipulates that approximately 8 percent of the bill's appropriation will be dedicated for infrastructure, totaling \$46 billion nationally and nearly \$1.8 billion for Illinois.

In December 2008, the CMAP Board adopted a set of [principles](#) for how funds should be spent on infrastructure in metropolitan regions through an anticipated recovery package. With the recent release of the House Democrats' recovery plan, it makes sense to analyze the package through this framework. An analysis of the current plan based upon these principles yields mixed results. What follows is a brief, bullet-by-bullet analysis of the House Democrats' plan through the lens of the CMAP infrastructure principles.

Principle 1: The Investments Should Be Timely (Focus on Reinvestment First) but also Strategic (Ensure New Infrastructure has a National Benefit).

The economic recovery plan stresses urgency in the awarding and obligation of funds. At least 50 percent of the funds are to be used for activities that can be initiated within 120 days, and the bill includes "use it or lose it" provisions to deobligate funding. This sense of urgency is understandable and necessary given the crisis we face. However, the need for speed also creates a number of unintended consequences, most notably the difficulty in making accurate cost-benefit or economic impact analyses to judge which projects are most likely to stimulate short-term job growth and long-term economic productivity.

As a result, CMAP believes that infrastructure funds with a short award/obligation horizon should be used to "fix it first" or reinvest in our existing system, rather than finance the construction of new capital projects that require much more careful analysis and consideration.

Principle 2: The Investments Should Be Focused on Metropolitan Areas.

Our economy depends on the prosperity of metropolitan regions like Chicago, which are home to 80 percent of the U.S. population and generate 85 percent of the Gross Domestic Product. However, the current recovery plan makes little attempt to target infrastructure funds based on this reality. The recovery package's requirement that States continue to allocate the majority of infrastructure money through existing programs can result in metropolitan areas receiving much

less investment than one would expect given their role in the U.S. economy. For example, only 45 percent of the State share of highway infrastructure investment is to be suballocated to metropolitan areas (through the STP formula) in the existing bill. The remaining 55 percent is simply allocated to states with no further requirements. If these existing formulas are used, it is critical for our region to work with the relevant implementing agencies to ensure that evaluation criteria are utilized and that projects are selected that reflect the intentions of the economic recovery bill.

Principle 3: The Investments Should Be Comprehensive in Scope.

The current recovery plan addresses a wide range of infrastructure needs, including roads, transit, water, housing, and school construction. Much of the suggested expenditures are also aligned with energy conservation measures (e.g., improving the energy efficiency of homes, government and commercial buildings, and the transportation network). It is encouraging that the recovery package addresses the long term benefits of energy retrofits and conservation measures across a variety of different infrastructure types. However, existing formulas for areas such as transportation and housing continue to be isolated in separate funding programs. It is important that the federal government begin to reflect a more comprehensive approach in its infrastructure funding decisions. In the future, both efficiency and sustainability will be realized through the consideration of transportation investments alongside our corresponding land use and housing decisions.

Principle 4: The Investments Should Be Partnered with Real Reform.

While it is understandable that large scale reform may not be possible within the suggested timeframe of this economic recovery package, the new administration has also stressed the importance of not simply "throwing money at the problem." In other words, we not only need to invest, we also need to reform the way in which our investments are made.

As written, the current package should certainly prove to have a stimulative effect. However, much of its success relies on the effectiveness of our existing programs to get us there. As CMAP believes that our current methods for funding infrastructure are largely inefficient and ineffective, we also believe that the stimulus will likely incur a number missed opportunities since projects will be based on existing formulas and programs rather than need or economic impact. Furthermore, we must not continue to ignore the role that data and analytics play for estimating the costs and benefits of these investments. As we move forward, our major infrastructure projects must be judged against more carefully considered criteria.