

The Economic Importance of Investing in our Infrastructure

President Obama and his administration are focused every day on what we can do to expand opportunity for every American.

In today's economy, that includes building first-class infrastructure that attracts first-class jobs and carries goods from American businesses all across the world.

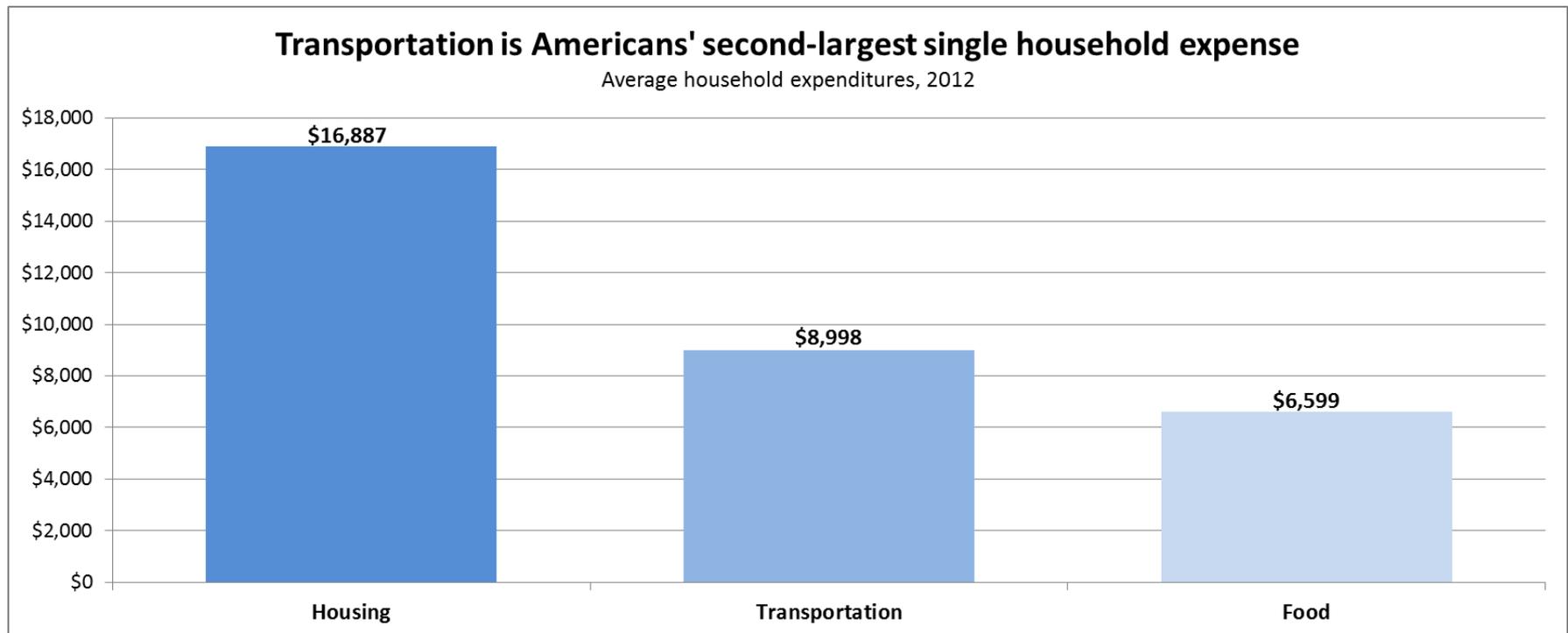
That's why President Obama has laid out a vision for a 21st century transportation infrastructure that would support current investment plans in all 50 states and build the foundation for lasting economic growth – while avoiding Highway Trust Fund insolvency.

That proposal is fully paid for through one-time revenue from business tax reforms that will spur investment and create jobs by closing loopholes that reward companies for moving jobs overseas.



Transportation is the second biggest expense for the average American family, which spends \$9,000 per year on transportation – second only to their housing costs.

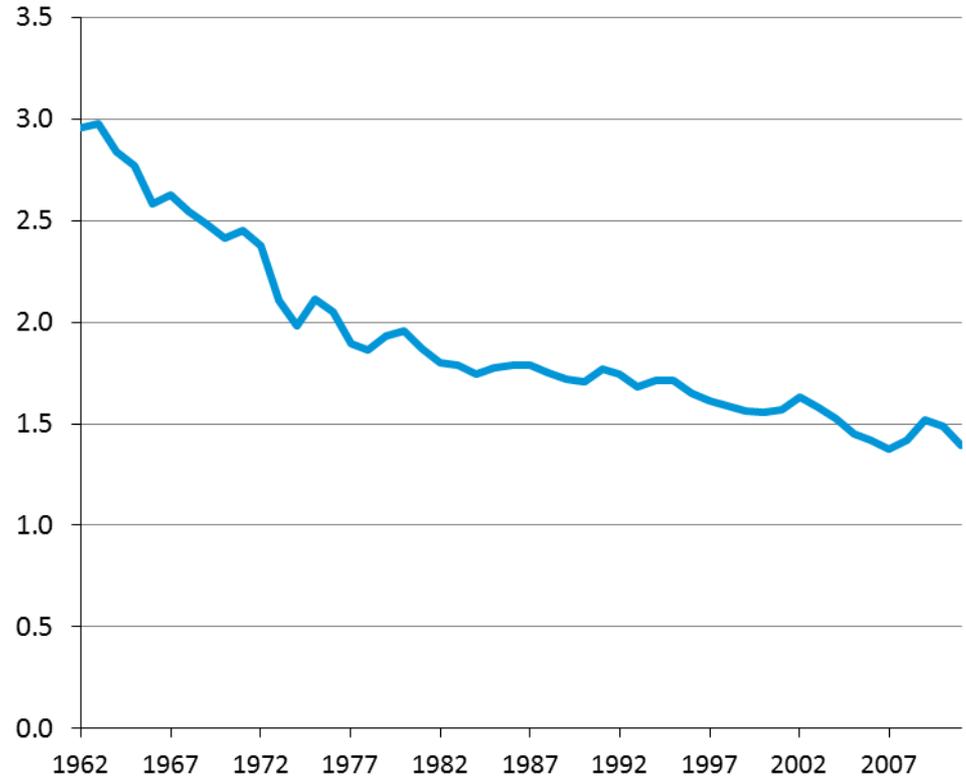
For most Americans, this expense is an absolute necessity, allowing them to get reliably to work, college, or a job interview. American families and businesses depend heavily on the access, quality, and safety of our roads, bridges and public transportation.



- Over the past 20 years, total federal, state, and local investment in transportation has fallen steadily as a share of GDP – while population, congestion, and maintenance backlogs have increased.
- 65 percent of America’s major roads are rated in less than good condition, while one in four bridges require significant repair or cannot handle today’s traffic and 45 percent of Americans lack access to transit.
- Americans spend 5.5 billion extra hours of travel time from traffic congestion annually, costing families \$120 billion in fuel and lost time, and our businesses \$27 billion in extra freight transportation costs.

Highways and Transit Spending

Share of GDP (1962-2011)



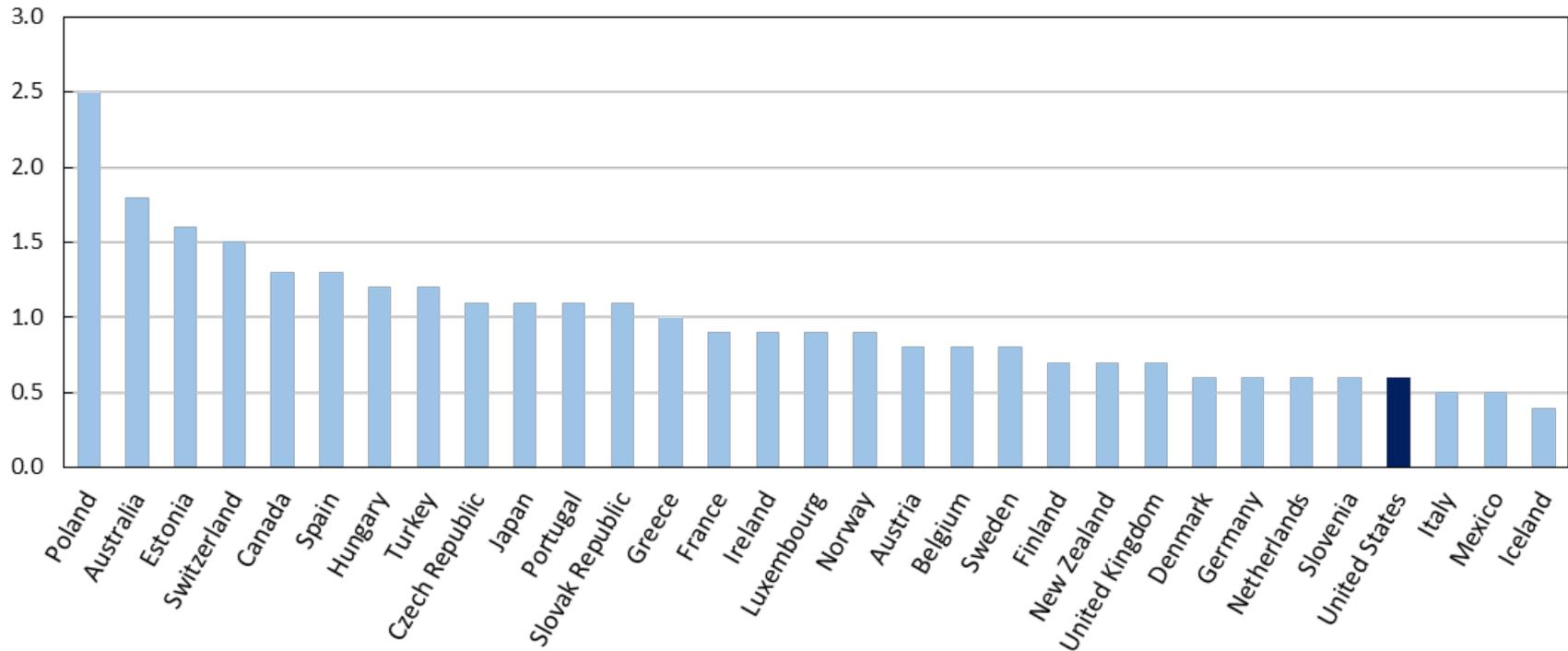
Source: Congressional Budget Office; Office of Management and Budget; Department of Commerce, Census Bureau, Bureau of Economic Analysis.



Among industrial countries, the U.S. lags many of its overseas competitors in transportation infrastructure investment. In the most recent World Economic Forum rankings, the U.S. had in less than a decade fallen from 7th to 18th overall on the quality of our roads.

U.S. Lags Industrial Countries in Transportation Infrastructure Investment

Investment in Inland Transportation Infrastructure (Percent of GDP, 2011)



Source: Organization for Economic Co-operation and Development; Office of Management and Budget

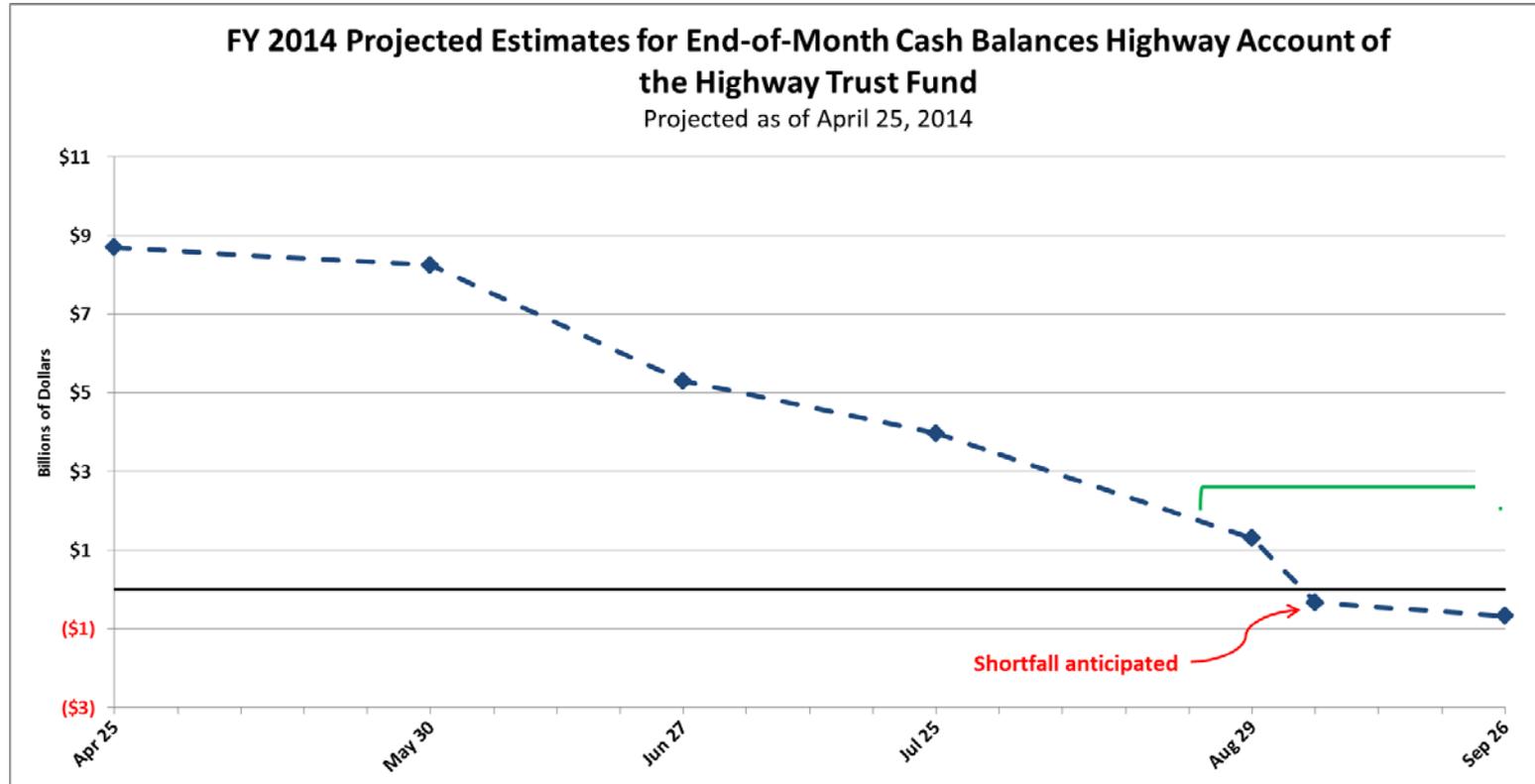


Investments in infrastructure also support long-term economic growth by making it easier and more cost-effective for American businesses to obtain supplies, manage inventories, and deliver goods and services to market.

- **High “bang for the buck” on economic output:** The Congressional Budget Office and Federal Reserve researchers have found federal infrastructure investment to have outsized impact on economic output and jobs.
- **Lasting jobs impact:** A recent extensive Brookings Institution study found that for every American employed to design, build and repair our road, freight, port, harbor, airport, water and other infrastructure, three more Americans have jobs providing services and operating that infrastructure.
- **Growth-enhancing productivity gains:** Many studies have found evidence of large private sector productivity gains from public infrastructure investments, boosting long-term growth.
- **Strengthening our manufacturing sector:** Not only is 1 out of every 8 jobs supported by infrastructure investment in our manufacturing sector, but investments in infrastructure are critical to revitalizing U.S. manufacturing by lowering the cost and increasing the speed of firms’ ability to move goods, people, infrastructure, and energy.



Yet, at the time we need to be increasing investments, the nation's surface transportation faces a funding crisis. On September 30, 2014, authorization for the Department of Transportation to spend out new funds from the Highway Trust Fund (HTF) on highway, bridge, and transit projects expires. The HTF may be insolvent even sooner, with highway funds expected to run out in late summer.



Total receipt and outlay projections are based on FY 2015 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages. Green bracket denotes the estimated window of when the anticipated shortfall will occur.



If Congress does not act soon, the costs will be high:

- Absent Congressional reauthorization or funding extension, new federal disbursements to states to invest in roads, bridges, and transit systems would be halted after September 30.
- States would be forced to decide which of the 112,000 active projects paving our roads and building our bridges, and 5,600 active transit systems projects they would need to defer, delay or even halt construction.
- The threat of Highway Trust Fund insolvency, currently projected to occur as early as late August, would further undermine state confidence, causing some to slow or shut down repair and maintenance projects and put larger-scale projects, like building new bridges, on hold. This would create delays and uncertainty for countless small contractors, increase costs for state and local governments, and threaten scores of projects nationwide.





Inaction would place more than 112,000 ongoing projects – and nearly 700,000 jobs – at risk over the next year, according to the Department of Transportation.



Earlier this year, the President laid out his vision to address these challenges through a four-year investment plan that would **support millions of jobs** at home, and lay the foundation for American businesses to better compete globally. The GROW America Act would:

- Provide certainty. The multi-year proposal offers states the long-term certainty needed to begin the larger, transformative projects that offer our economy the biggest benefit.
- Increase funding. The President's proposal would provide \$302 billion over four years – an increase of over 37 percent – to better meet the needs of a growing population and to support a growing economy and growing workforce.
- Make needed policy and program reforms. The Administration proposal will create more bang-for-the-buck by reforming programs to better meet the needs of all Americans and ensure taxpayer dollars are spent as efficiently as possible.

The President proposes to pay for this critical investment by using one-time revenue from reforming our business tax system. This would help create jobs and spur investment while eliminating loopholes that reward companies for moving profits overseas and allow them to avoid paying their fair share. And we will continue to work with Congress about how to get this done.

Learn more about the GROW America Act at: www.dot.gov/grow-america

