Abstract

A healthy and efficient national transportation system is vital to our economic well-being. At the present time there is no national transportation infrastructure plan in place and the prospect for having one in the near future is doubtful, given the current political climate in Washington, DC.

There are a number of well researched, published reports from legitimate organizations, both public and private, outlining the current state of the U.S. transportation infrastructure and recommendations on what needs to be done to address the problems.

Several of the most telling points are on the American Society of Civil Engineers Report Card for America’s Infrastructure:

• We are under-investing in America’s infrastructure. In combination with current investment trends, cumulative infrastructure investment needs will be approximately $3.6 trillion by 2020 and will rise to $10 trillion by 2040.

• By 2020, America’s projected surface transportation infrastructure deficiencies are expected to cost the national economy cumulatively almost $900 billion in GDP, rising to $2.7 trillion through 2040.

• Additionally, in the World Economic Forum’s latest Global Competitiveness Report, the U.S. ranked 14 for quality of roads, 15 for quality of railroad infrastructure, 10 for quality of port infrastructure and 13th for quality of overall infrastructure—well below other advanced economies.

In summary, we have an aging infrastructure that is underfunded and we are faced with ever increasing demand for efficient transportation capacity. The consequences of not pursuing a more deliberate, prioritized development plan could have a negative impact on the national economy and the nation’s global competitiveness, hindering economic growth, increasing the costs of transportation, and creating congestion which will have a negative environmental impact. Moreover, it represents a degradation in our overall quality of life.

As we, as a nation, debate and procrastinate on matters related to infrastructure, our neighboring countries have been actively investing in projects that could either negatively impact our intermodal business, or change how traffic flows in our system. For example, Canada developed the Port of Prince Rupert complex which has diverted traffic from Pacific Northwest ports to the Midwest. Mexico has invested heavily in the Port of Lazaro Cardenas complex with the goal of attracting trans-pacific cargo through the port with ultimate destinations in the U.S. central and southeast regions. Panama is nearing completion of the new locks which will provide expanded maritime services to U.S. Atlantic Coast ports.

The transportation industry needs to make a case for expanded investment in transportation infrastructure. Sound investments are good not only for the transportation industry and the public they serve, but could have a positive impact on the national economy by stimulating employment in the construction industry. A 2014 study conducted by Inforum and funded by the National Association of Manufacturers, forecasts the creation of 1.3 million jobs over the next 15 years with renewed investment in infrastructure.

Primary Resources:
The State of America’s Infrastructure

• The American Society of Civil Engineers (ASCE) provides a graded assessment of America’s current infrastructure based on capacity, condition, funding, future need, operation and maintenance, public safety, resilience, and innovation. The report card gives a grim picture of the current state of infrastructure in America.

America’s highway system, more than 200,000 miles of freeways and bridges, is the largest infrastructure project in the world. It laid the foundation for decades of economic growth and prosperity, but is now breaking, crumbling, and in some cases, falling down.

• Investing in infrastructure may seem like a logical conclusion, but financing it is more complicated. Which projects are chosen and how they are financed comes down to local politics. And local governments are not making infrastructure investment a priority.

As lack of investment in America’s aging infrastructure is becoming more of a public concern, it is important for stakeholders to engage the public in meaningful dialog that highlights the need for strategic investment and casts a vision for a brighter future.

The Cost of Failing Infrastructure

• Failing infrastructure is both inconvenient and costly. Delayed or canceled flights cost the U.S. economy an estimated $30-40 billion per year. The average American wastes 38 hours a year stuck in traffic. This amounts to 5.5 billion hours in lost U.S. productivity annually, 2.9 gallons of wasted fuel, and a public health cost of pollution of about $15 billion per year, according to Harvard School of Public Health researchers. The average family of four spends as much as 19% of its household budget on transportation.

• Estimates reveal that the additional ownership, repair, fuel and tire costs caused by driving on roads in need of repair costs the average driver $516 annually in extra vehicle operating costs.

• When a roadway system is deteriorated it impedes economic performance by increasing transportation costs, slowing commerce and commuting and burdening the economy with future transportation investment needs.

Economic Benefits of Improving Infrastructure

• An increase in public infrastructure investment positively affects the economy in two ways. In the short term it boosts aggregate demand through the short-term fiscal multiplier, similar to other government spending, and also by potentially bringing in private investment, given the highly complementary nature of infrastructure services. Over time, there is also a supply-side effect of public infrastructure investment as the productive capacity of the economy increases with a higher infrastructure capital stock.

• Investing in infrastructure can both decrease unemployment and boost the GDP. According to Moody’s every dollar we spend on infrastructure boosts GDP by $1.59.

Fixing America’s Transportation Infrastructure

• Upgrading America’s infrastructure to create a modern and efficient system will require implementing many creative solutions.

• Infrastructure efficiency can be improved by making the system more productive through improved project selection, streamlined delivery, and making the most of existing investments.

• Fixing infrastructure will inevitably require significant financial investment. Among the practical solutions to pay for America’s infrastructure needs are—qualified public infrastructure bonds (QPIBs) and America Fast Forward (AFF) bonds.

• One idea for fixing infrastructure is to reduce barriers of entry into the infrastructure market. The idea is that opening up the market could create more opportunity for experienced and cost-efficient foreign investors and contractors, thereby increasing competition for projects and reducing project costs.

• Another approach focuses on gravitating away from new construction and instead using all available road money to fix our roads and perform preventative maintenance. Arguing that the more roads we build, the more we need to one day fix.

FAST Act

On December 4, 2015, President Barack Obama signed into law the 5-year, $305-billion Fixing America’s Surface Transportation (FAST) Act. The bill—which increases funding by 11 percent and spans the longest timeframe for a transportation measure in 17 years—will provide needed funding certainty for states and local governments, as well as improvements to the programs that sustain the nation’s roads, bridges, transit systems and rail transportation network.