A Plan for Rebuilding America and Investing in Workers and Jobs

By Kevin DeGood  February 1, 2017

The bruising 2016 election cycle laid bare an important truth: While unemployment has fallen to 4.7 percent thanks to 75 consecutive months of job growth under President Barack Obama, persistent economic inequality and a geographically uneven recovery have left many Americans deeply frustrated.

In its first 100 days, the 115th Congress should pass a robust jobs and infrastructure bill that provides $1 trillion over the next five years to create jobs, raise real wages, and build the infrastructure and clean energy systems the country needs to thrive for decades to come. To the greatest extent possible, these investments should be targeted to the workers, families, and communities facing the greatest challenges.

The need for federal investment in both physical and human capital is enormous. According to the American Society of Civil Engineers, the United States needs to invest trillions of dollars on infrastructure maintenance and expansion projects. For too long, policymakers have ignored the growing backlog of maintenance projects, instead relying on a reactive approach that struggles to respond when critical systems fail and that has not kept up with population growth.

At the same time, millions of Americans face significant barriers to obtaining high-quality employment that can build wealth and security for the future. Additionally, the United States must dramatically reduce greenhouse gas pollution to avoid the worst and costliest effects of climate change and live up to the nation's international commitments.

A jobs and infrastructure bill provides the perfect vehicle to lift up workers, meet global climate obligations, and rebuild and expand critical facilities that can withstand more extreme weather and other climate change effects that the nation can no longer avoid. With smart policies and competitive, merit-based selection processes, Congress can ensure that spending on infrastructure and job training programs is allocated efficiently, equitably, and productively. To ensure these expenditures deliver real benefits to workers, all companies receiving federal support should be required to abide by high labor standards, including paying a fair hourly wage, providing paid sick leave, and respecting worker voice on the job.
Investing in people and high-quality infrastructure projects would produce substantial economic, social, and environmental benefits while laying the foundation for a productive, sustainable economy for the 21st century. And by directing resources to those communities most in need, policymakers can ensure that the economy works for everyone and not just the wealthy few.

Overall, the jobs and infrastructure bill should be guided by the following five principles:

1. Federal infrastructure funds should not personally benefit President Donald Trump, his family, his businesses, or his cabinet.
2. An infrastructure bill should not include tax cuts that enrich Wall Street investors.
3. Federal infrastructure funds should target the communities facing the greatest need with priority for projects that repair existing facilities, promote safe and healthy living environments, and improve access to job and educational opportunities.
4. An infrastructure bill should train the next generation of workers while supporting good jobs that provide fair wages and benefits and ensure that companies respect worker voice on the job.
5. Federal infrastructure funds should advance America’s long-term climate commitments while ensuring facilities are resilient to increasingly extreme weather.

Infrastructure

Infrastructure is the foundation that makes the economy possible, shaping how Americans move, communicate, and earn a living. Infrastructure is also essential to national competitiveness. When done right, infrastructure investments produce broad-based prosperity for American businesses and workers, facilitating social mobility and access to jobs, educational opportunities, people, and ideas. Modernizing infrastructure also improves public health and safety and reduces the need for emergency funding for rebuilding and repair in the wake of more extreme weather.

Distribution of federal funds should be based on achieving national goals for economic growth, improved social mobility and access to opportunity for all Americans, and improvements to the environment, including cleaner air and water and reduced emissions. Furthermore, state and local governments should be held accountable for how they spend federal dollars through a system of performance management that evaluates the cumulative impacts of projects. For additional detail across sectors, please see the Center for American Progress report “An Infrastructure Plan for America.”

The jobs and infrastructure bill should include the following investments, along with the establishment of a national infrastructure investment authority to provide low-cost, flexible financing:
• **Highways and public transportation** ($259.2 billion): Each year, America’s highway and public transportation facilities support more than 3 trillion vehicle miles of travel\(^7\) and 10.6 billion\(^6\) transit trips, respectively. Highway and transit funds should support repair and rehabilitation of existing facilities, improving resilience to more extreme weather, as well as targeted expansions to reduce congestion, improve air quality, and enable growth.

• **Aviation** ($25.6 billion): Airports and air traffic control systems require expansion and modernization. Aviation funds should support the transition to satellite-based navigation, known as NextGen; major capital projects, such as runway expansions; and more support for airports of all sizes through the Airport Improvement Program.

• **Ports** ($11.1 billion) and inland waterways ($630 million): A new generation of mega-ships is remaking the shipping industry. Port funds should ensure U.S. ports are ready with deeper harbors, taller cranes, elevated docks and equipment to prepare for sea-level rise and stronger storm surges driven by climate change, and more efficient and environmentally sustainable operations and connection to the surface transportation system. Inland waterway funds should support lock and dam repair and modernization, as well as timely dredging of waterways and related channels.

• **Flood control and ecosystem restoration** ($3.5 billion): Each year, levee systems avoid more than $100 billion in economic losses.\(^7\) These funds should support a formula program to provide each state with resources for levee assessment, rehabilitation, and improvement. In exchange, states should be required to participate in the Army Corps of Engineers’ Levee Safety Initiative. In addition, these funds should support the inventory, protection, and expansion of natural or nature-based infrastructure, including forests, coastal wetlands, reefs, dunes, and other natural features that protect against storm surge, wind, and wave damage. Finally, 10 percent of funds should support ecosystem restoration. Investments in ecosystem restoration are labor intensive, yielding 17 jobs per $1 million of spending, and extremely cost-effective, producing $15 in benefits for every dollar spent.\(^8\) Consequently, restoration spending would reverse decades of degradation while producing significant economic benefits.

• **Drinking and clean water** ($25 billion): Water pollution threatens communities, drinking water supplies, and aquatic and marine ecosystems. The ongoing public health crisis in Flint, Michigan, highlights the cost of inaction. Funds should support additional grants to clean water and drinking water state revolving funds. Additionally, states should be required to set aside a higher percentage of funds for lead removal, nonpoint source pollution control, water and energy efficiency measures, and loan forgiveness to economically disadvantaged communities.

• **Passenger and freight rail**: ($50 billion): In 2015, Amtrak served 30.8 million passengers across more than 500 destinations in 46 states\(^9\) while freight railroads hauled more than 2 billion tons of freight worth $550 billion.\(^10\) Rail funds should support projects on the Northeast Corridor, passenger rail service nationally, and freight projects that improve efficiency while delivering co-benefits to passenger and commuter rail service.
• **National infrastructure investment authority ($125 billion):** In addition to grant funds, project sponsors need access to flexible, low-cost financing. The national infrastructure investment authority, or NIIA, should offer subsidized interest rates and repayment terms not available through the municipal bond market.

• **Broadband deployment ($25 billion):** Many communities—especially in rural areas—either lack reliable internet access or face inadequate data transmission speeds. Approximately 39 percent of rural Americans lack access to internet speeds of 25 megabits per second for downloads or 3 megabits per second for uploads. Deployment funds should expand coverage and boost speeds to improve overall connectivity and quality.

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**Employment and job training**

Despite more than six years of job growth, too many workers—including people of color, younger workers, workers with disabilities, and people with criminal records—continue to face unemployment, underemployment, and a lack of labor market opportunities.

An infrastructure bill presents an opportunity to train workers and provide pathways to strong, middle-class jobs while at the same time raising labor standards. Higher labor standards include raising the minimum wage for all federally funded work and codifying a number of Obama administration executive orders that, for example, require companies to provide paid sick leave and ensure that federal departments assess potential contractors’ records of labor-law compliance when awarding funding.

• **Apprenticeships ($5 billion):** Apprenticeship offers a proven strategy to help workers gain in-demand skills and raise their wages. Workers who complete an apprenticeship see average lifetime compensation gains of more than $300,000 compared to their peers. Employers that sponsor apprenticeship programs—in some instances, with the help of tax credits or other subsidies—benefit by gaining access to a pipeline of skilled workers. Given that the majority of apprenticeships are concentrated in the construction industry, which would see an increase in demand as a result of a major investment in the nation’s infrastructure, apprenticeships are particularly critical to an infrastructure bill.

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**Energy**

Global climate change presents a clear danger to the long-term security and prosperity of the United States. A jobs and infrastructure bill should provide funding to ensure that the United States meets its international climate commitments and continues to transition to a low-carbon, resilient, clean energy economy.
Infrastructure projects, by definition, are long-lived features of the physical environment that have life spans measured in decades. As a result, energy infrastructure decisions made in 2017 will have lasting implications for whether the United States can protect its air, water, and land; build resilient communities; and compete in the global clean energy market. The bill should also meet more immediate job-creation and resilience goals by expanding investment in clean energy technology; ensuring new physical infrastructure is energy-efficient while upgrading the efficiency of existing infrastructure when possible; and building America’s resilience to more extreme weather, climate change, and cybersecurity risks. For additional detail, see CAP’s report “A Clean Energy Action Plan for the United States.” Specific investments should include the following:

• **Establish a race-to-the-top grant program to expedite the deployment of renewable energy and energy efficiency and build more climate resilient communities ($80 billion):** A new race-to-the-top program would help cities, states, and tribes develop integrated plans to make their buildings more efficient, their electricity and transportation systems cleaner, and their communities more resilient to the impacts of climate change. Planning and grants should also support increasing access to renewable energy for all Americans, including lower-income households. A challenge grant program would bring federal expertise and funds to cities, states, and tribes grappling with how best to plan and deploy renewable energy and efficiency systems for all Americans.

• **Establish an investment tax credit for grid-scale energy storage ($30 billion):** Over the next decade, renewable energy is projected to continue growing as a source of fuel for electricity generation. Investing in a broad range of energy storage technologies would support the generation of more electricity from clean sources by building an electricity grid that reliably manages renewables and provides grid services, such as blackout prevention.

• **Establish an investment tax credit for advanced manufacturing facilities ($40 billion):** Investing in cleaner processes at U.S. manufacturing facilities and in new facilities for clean energy technologies would create jobs and harness the growing markets for new technologies. By making it less costly to retrofit existing factories or incentivizing the building of products and commodities needed in the low-carbon economy, a tax credit for advanced manufacturing would fuel environmentally responsible and economically competitive development.

• **Build a network of electric and alternative fuel vehicle stations along major arteries in the interstate highway system ($30 billion):** In November 2016, the Obama administration announced an effort to build a network of 48 charging corridors on the nation’s highways by partnering with auto companies, electric utilities, and charging companies. Policymakers should fund and expand this effort, as well as complementary loan guarantee programs, to give electric vehicle drivers broader access to fast-charging stations, incorporate other regionally appropriate clean fueling options, and facilitate the transition to a cleaner transportation system.
• Establish a grant programs to incentivize cities and states to detect and repair methane leaks in natural gas distribution systems ($40 billion): Methane is a potent global warming pollutant, and even small leaks can add up to a significant problem across the country. Moreover, methane leaks can pose a significant safety hazard to workers and communities, particularly in urban areas with older systems. Methane leak detection is a growing service industry, and some unions have urged policymakers to prioritize investments in repairing or replacing aging pipes.

• Fund technical assistance and grants for state utility commissions and utilities to implement cybersecurity and resilience standards for the distribution grid ($30 billion): New consumer technologies entering the electricity distribution grid may expose increasing vulnerabilities to its management and the benefits it provides consumers; at the same time, increased risks from extreme weather and physical threats call for enhancing its resilience. Utility commissions and utilities share the regulatory authority and financial incentive to ensure the safety of electricity distribution—and customer data—from cyber, extreme weather, and physical threats, and working with relevant federal agencies would make the grid more resilient and secure.

Housing and schools

Providing low-income individuals and families with clean, safe, and affordable housing is an essential first step to combating poverty. Unfortunately, many public housing units require substantial repair and rehabilitation in order to continue to serve people in need. In fact, the nation is at risk of losing millions of affordable housing units because the stock has fallen into a spiral of serious physical distress. Among the problems reported by residents of distressed public housing developments are excessive mold, obsolete mechanical and electrical systems, and heating and plumbing problems that can make their units uninhabitable or force residents to make the dangerous choice to heat their unit by running the stove with the door open. Additionally, in the largest and fastest growing metropolitan regions, there is simply not enough affordable housing to serve the growing waitlist of eligible individuals and families in need. According to the National Low Income Housing Coalition, there is a shortage of 7.2 million rental units that are affordable to low-income renters.

• Rehabilitation and preservation of existing affordable housing stock ($35 billion): Funds should allow public housing authorities to rehabilitate both affordable single-family homes and multifamily buildings. Additionally, funds should support weatherization for low-income seniors. These funds should flow through the U.S. Department of Housing and Urban Development’s Capital Fund, the HOME Investment Partnerships Program, the Choice Neighborhoods program, and the National Housing Trust Fund.
• **Development of new affordable rental housing ($30 billion):** Funds for increasing the supply of affordable housing should be used to expand the Low-Income Housing Tax Credit and raise the capitalization of the National Housing Trust Fund.

• **Creating healthy homes ($12.5 billion):** Each year, lead poisoning affects an estimated 535,000 children younger than age 6. In the United States, approximately 1.1 million homes place young children at risk through exposure to lead and other toxic chemicals from water, paint, or soil. Healthy home funds would allow state and local health authorities, working in cooperation with water districts and housing agencies, to expand lead and other toxic remediation programs.

Years of educational research shows a strong correlation between a school building’s structural elements and student achievement. Unfortunately, many of the nation’s school buildings are in desperate need of maintenance. In fact, 53 percent of the nation’s schools suffer from a lack of sufficient heating and air conditioning, poor air quality, exposure to poisonous materials such as lead and asbestos, and lack of internet connectivity. These problems are often worse for schools serving American Indian and Alaska Native students. In a 2016 review of 7 percent of its 183 schools, the Bureau of Indian Education, or BIE, noted that fire sprinkler systems in some schools are not operational. Overall, an estimate by the General Accounting Office—now known as the Government Accountability Office—found that schools need approximately $172 billion to address unresolved facility problems. School capital funds should support the following activities:

• **State revolving funds ($64 billion):** Federal funds should capitalize state-level revolving loan programs to provide low-cost, flexible financing in support of school construction, rehabilitation, and modernization. Each state should determine loan terms, including establishing below-market interest rates and a process for scoring and prioritizing applications. Qualified project types should include but are not limited to construction; upgrading the heating, ventilation, and air conditioning systems; installing air quality detection systems; removing environmental hazards; and providing high-speed internet connectivity. Fifteen percent of the revolving fund capitalization grant should support loan forgiveness for school districts that lack the ability to repay financing.

• **Bureau of Indian Education ($18.5 billion):** These funds should be distributed via formula grants to BIE schools. Grant amounts should vary according to the extent of infrastructure needs for the same project types as the state revolving funds program.
Child care and hospitals

Most children in America have all available parents in the workforce, meaning child care is critical to families’ livelihood. While high child care costs are often considered a primary challenge for families, child care supply is drastically low. Approximately 42 percent of children under age 5 live in a child care desert, defined as a ZIP code with less than one child care center slot for every three young children. The problem is particularly pronounced in rural areas, where 55 percent of children under age 5 are in a child care desert. Moreover, early childhood programs around the country are in dire need of facilities updates. Yet federal funding sources that support the operation of child care facilities do not easily allow states or communities to direct that money toward infrastructure development or repairs. Failing to invest now will continue to isolate children and families that currently live in child care deserts or communities with rundown programs.

- **Build the supply of licensed child care ($10 billion):** Funds should support the construction of new child care and early education programs in child care deserts, facilities improvement, and efforts to increase licensed home-based child care. These resources should flow through states to allow them to target child care deserts with a particular focus on rural areas. This initial infrastructure investment represents a down payment on a much-needed federal investment to help families afford high-quality child care.

Expanding and modernizing health care facilities is an important part of improving the health of Americans. Many communities in this country are underserved and need investment in community health centers and hospitals to improve access to health care. In addition, health care infrastructure is a critical component of the nation’s ability to respond effectively to natural disasters, not only for injuries that are directly disaster-related but also for pre-existing medical conditions that are exacerbated by the emergency and behavioral health problems such as depression and post-traumatic stress disorder that disaster survivors frequently experience.27

- **Expanding and upgrading community health centers ($45 billion):** Community health centers play a vital role in many communities by improving access to health care, particularly for low-income and uninsured people. While regional medical centers often garner attention for their role in providing specialized or trauma care, community health centers are crucial elements in the delivery of quality health care and improving the lives of millions of Americans.

- **Implementation of health information technology ($5 billion):** The health care system’s shift to electronic health records is not yet complete. The American Recovery and Reinvestment Act, or ARRA, invested $19 billion into improving health information technology, which has already spurred significant change and improved the overall efficiency of health care delivery.28 Additional investment and technical assistance would help continue this progress.
Conclusion

Now is the time for making real investments in America’s workers and communities. Unfortunately, President Donald Trump and Republicans in Congress have chosen to put forward a plan to deliver huge tax breaks to wealthy Wall Street equity investors under the guise of infrastructure investments. Rather than providing funding to communities in need, these policymakers are promoting a plan that would push states and cities to take on expensive equity capital as part of public-private partnership deals, leading to higher tolls and other use fees charged in the name of satisfying the high profit margins of equity investors.

In contrast, the plan proposed here presents a comprehensive alternative that would provide the funding needed to ensure the U.S. economy is able to thrive in a sustainable way while also delivering benefits to everyone and not just the wealth few.

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