Disruptive Forces Change the Kind of Investments We Need

Demographic and cultural changes

Economic globalization

Climate change
Shifts in Funding Change Who Invests

Public Infrastructure Spending: Going Down
Net government investment spending, state & local, federal defense, federal non-defense, billions of 2014 dollars

Source: Bureau of Economic Analysis; Hutchins Center on Fiscal & Monetary Policy, Brookings
Traditional Tools Still Work

- $341 billion in tax-exempt debt issued in 2014
- $35 billion in private activity bonds available in 2014
- 69% of all transportation ballot measures successful in 2014
However, They Have their Limitations: Increasing Legacy Costs

City Pension Spending as Percentage of Budget
Fiscal 2013

Average

New York City
Los Angeles
Chicago
Houston
Philadelphia
Phoenix
San Antonio
San Diego
Dallas
San Jose
Austin
Jacksonville
San Fran
Fort Worth
Detroit
El Paso
Memphis
Boston
Denver
Nashville
Baltimore
Little Rock

Tuesday, April 21, 15
“I will not tie this city’s future to the dysfunction in Washington and Springfield.”

Rahm Emanuel
Mayor, Chicago
Debt Limits
Rebuilding Budgets Post-Recession

Days Each State Could Run on Reserve Funds, FY 2000-14

- 50-state median
Unreliable Federal Partners

Highway Account of the Highway Trust Fund (includes FHWA, FMCSA & NHTSA)

1/ Graph reflects actual data through 6/27/14 and end-of-month projections for the remainder of the fiscal year.
2/ Total receipt and outlay projections are based on FY 2015 Mid-Session Review assumptions. Projected monthly receipt and outlay rates are based on historic averages.
3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.
Source: FHWA
In Response, New Models Are Emerging

New bonding approaches

Dedicated public private partnership units

Infrastructure exchanges

Infrastructure banks and trusts
Each Model is Tailored to Specific Local Needs

Exchanges

Southern Nevada Water Authority

New Bonds

CIT

Trusts

OTP3

PPP Unit