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Michael R. Bloomberg, Former Mayor, New York City
Ray LaHood, Former U.S. Secretary of Transportation
Edward G. Rendell, Former Governor, Pennsylvania
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May 4, 2020

The Honorable Nancy Pelosi, Speaker, United States House of Representatives
The Honorable Mitch McConnell, Majority Leader, United States Senate

The Honorable Keven McCarthy, Republican Leader, United States House of Representatives
The Honorable Charles E. Schumer, Democratic Leader, United States Senate

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy and Leader Schumer:

As Congress begins consideration of the next COVID-19 response package, we are writing to strongly urge that infrastructure investment be a significant component as a way to jump start the nation's economic recovery.

While this unprecedented crisis has demanded responses at all levels of government, it is also an opportunity to make changes to the status quo. Trillions of dollars are rightly being spent to provide critical lifelines to small businesses, hospitals, health care facilities, transit operators and airlines to stay afloat – and it's clear that more assistance will be needed. As concerns are being raised that this spending is adding to the national debt, there is a way that infrastructure investment can minimize this spending and that is by creating a federal capital budget. Adopting a capital budget with borrowing spreads the cost of projects over 20 to 30 years instead of counting the costs up front. It also would provide a large upfront sum of money that could be spent in the next couple of years that would create an enormous boost to our economy. For example, a trillion dollar capital budget passed this year would get to work immediately and have a far greater impact than \$100 billion of spending each year for the next ten.

At Building America's Future, we have long believed that the United States will never have an effective infrastructure revitalization plan until the federal government adopts a capital budget. Every political subdivision in the nation, every city, county and state has a capital budget. Any business of significant size at all has a line in its budget called "capex", or capital expenditures, which is money they allocate for capital spending.

It is clear that long-term infrastructure spending, which brings about significant benefits down the road, cannot compete in an operating budget that includes other vital needs such as health care, food programs and defense. As you are well aware, spending in the operating budget is for projects and programs that will be completed in that budgetary year, and in and of themselves have no long-term value. By contrast, infrastructure spending creates long term

assets that will continue to benefit our nation's citizens over many years and even many decades. A perfect example of this is the Hoover Dam which was completed with the use of federal money in 1936. Since that year the Dam has been an ongoing asset that has helped provide electricity to 3 states. It makes no sense to fund the construction of a project like the Hoover Dam in the same budget as the SNAP food program where the budget expires at the end of the operating year.

While there are impediments to the adoption of a federal capital budget none are significant enough to stand in the way of this idea. There is bipartisan support for this idea from the Problem Solvers Caucus who included the creation of a federal capital budget as part of their Rebuilding America's Infrastructure policy proposal. Additionally, they proposed that such a budget not be subject to PAYGO and that Congress should re-examine and consider the use of dynamic scoring by the Congressional Budget Office on certain infrastructure bills. All suggestions that make sense.

As America's economy regains its footing, it is essential that the nation's infrastructure networks are optimized to ensure the efficient and safe movement of people and goods; that drinking water systems continue to provide clean water; and that broadband be widely available to all communities. Smart and targeted infrastructure investments will ensure that the nation has a long-term strategy to rebuild and will have the added benefit of creating thousands of good-paying jobs. A capital budget will ensure that these priorities will be met in the most fiscally prudent way.

Sincerely,



Edward G. Rendell
Co-Chair



Ray LaHood
Co-Chair

Cc:

Honorable John Barrasso, Chairman, Environment and Public Works Committee
Honorable Thomas Carper, Ranking Member, Environment and Public Works Committee
Honorable Mike Enzi, Chairman, Budget Committee
Honorable Bernie Sanders, Ranking Member, Budget Committee
Honorable Roger Wicker, Chairman, Commerce Committee
Honorable Maria Cantwell, Ranking Member, Commerce Committee
Honorable Peter DeFazio, Chairman, Transportation and Infrastructure Committee
Honorable Sam Graves, Ranking Member, Transportation and Infrastructure Committee
Honorable John Yarmouth, Chairman, Budget Committee
Honorable Steve Womack, Ranking Member, Budget Committee