

President Proposes \$10 Billion Infrastructure Bank

By [Andrea Bernstein](#) | September 8, 2011 – 7:32 pm



With one foot on the terra firma of national pride and another in his old familiar haunt of progressivism, President Barack Obama Thursday proposed a \$10 billion infrastructure bank and \$50 in expedited infrastructure spending to help stimulate the economy.

“Everyone here knows that we have badly decaying roads and bridges all over this country. Our highways are clogged with traffic. Our skies are the most congested in the world,” said the President while a sour-faced Speaker John Boehner sat to his right.

“This is inexcusable. Building a world-class transportation system is part of what made us an economic superpower. And now we’re going to sit back and watch China build newer airports and faster railroads? At a time when millions of unemployed construction workers could build them right here in America?”

In a speech that sounded at times feisty and at times impatient, the President repeatedly urged congress to pass a bill the administration put at \$450 billion, which he said would be paid for by other cuts.

But still the speech sounded more like old-style Obama than the man who last month, back to the wall, agreed to \$2.4 trillion in spending cuts, with no tax increases. Thursday the President once again called on the rich to pay “their fair share,” an idea that the public has embraced but that Congress has rejected.

“There are private construction companies all across America just waiting to get to work. There’s a bridge that needs repair between Ohio and Kentucky that’s on one of the busiest trucking routes in North America. A public transit project in Houston that will help clear up one of the worst areas of traffic in the country,” the President said, pointedly picking a Texas city to highlight. Texas is home to the Republican Presidential front-runner, Governor Rick Perry.

The President made his strongest pitch yet in favor of an infrastructure bank, a federally-backed bank that would leverage government funds to draw private capital for large projects like roads, transit, bridges, and dams.

The President said it would issue loans “based on two criteria: how badly a construction project is needed and how much good it would do for the economy.”

“This idea came from a bill written by a Texas Republican and a Massachusetts Democrat. The idea for a big boost in construction is supported by America’s largest business organization and America’s largest labor organization. It’s the kind of proposal that’s been supported in the past by Democrats and Republicans alike. You should pass it right away.”

In a fact sheet released by the White House, the administration said the National Infrastructure Bank would be capitalized with \$10 billion “in order to leverage private and public capital and to invest in a broad range of infrastructure projects of national and regional significance, without earmarks or traditional political influence. The bank would be based on the model Senators Kerry and Hutchison have championed while building on legislation by Senators Rockefeller and Lautenberg and the work of long-time infrastructure bank champions like Rosa DeLauro and the input of the President’s Jobs Council.”

Tuesday, March 15, 2011 [1 Comment](#)

Kerry, Hutchinson, and Warner Introduce New Infrastructure Bank Bill

by [Tanya Snyder](#) on March 15, 2011

Sen. John Kerry (D-MA), along with Sen. Kay Bailey Hutchison (R-TX) and Sen. Mark Warner (D-VA) just announced that they're introducing the [BUILD Act](#) today, which would create a national infrastructure bank.

They're proposing to start the bank with \$10 billion of seed money that would leverage hundreds of billions of dollars, according to their projections. "Private capital is sitting on the sidelines," Kerry said. These senators, and many more who are expected to co-sponsor the bill, want to see those private funds put to work.

The BUILD Act will not include any grants and will only fund revenue-generating projects that can repay a loan. The White House had proposed a \$30 billion infrastructure bank that includes grants, but Kerry says that given the current climate, they preferred to stick only with projects that will generate revenue, and they've pared it down to a size they think lawmakers on both sides of the aisle can accept.

Sen. Barbara Boxer (D-CA) has indicated she'd rather see the TIFIA loan program be strengthened, rather than create a new entity that some fear will invoke echoes of Fannie Mae and Freddie Mac (a charge Kerry vigorously denies). Kerry says Boxer is on board with this proposal, as is the White House, the Senate Budget Committee Chair, and members of the House.

Kerry's proposal would also make the bank an independent entity, whereas the administration proposal located the bank inside of the Department of Transportation. Some advocates [have spoken out in favor](#) of an independent infrastructure bank, rather than one "buried" inside the DOT bureaucracy.

Friday, September 9, 2011 [3 Comments](#)

Obama Includes Infra Bank in His Jobs Push; Mica Rejects It Out of Hand

by [Tanya Snyder](#) on September 9, 2011

Last night, President Obama addressed a joint session of Congress to present his new jobs plan, a bill he's calling the [American Jobs Act](#). He relied on the well-worn appeal to people's patriotic competitiveness by pointing out that China is improving its infrastructure while the U.S. is sitting idly by. Without mentioning the dollar figure (psst... it's \$50 billion) he said he'd get construction workers back on the job rebuilding transportation infrastructure and schools:

And to make sure the money is properly spent, we're building on reforms we've already put in place. No more earmarks. No more boondoggles. No more Bridges to Nowhere. We're cutting the red tape that prevents some of these projects from getting started as quickly as possible. And we'll set up an independent fund to attract private dollars and issue loans based on two criteria: how badly a construction project is needed and how much good it will do for the economy.

And without ever saying the words "infrastructure bank," he made his push for one:

This idea came from a bill written by a Texas Republican [Kay Bailey Hutchison] and a Massachusetts Democrat [John Kerry]. The idea for a big boost in construction is supported by America's largest business organization and America's largest labor organization. It's the kind of proposal that's been supported in the past by Democrats and Republicans alike. You should pass it right away.

He would capitalize the bank with an initial \$10 billion, [just as Sens. Kerry and Hutchison had proposed](#). Obama's own earlier proposal called for a \$30 billion investment.

Obama's written plan also pledges investments in TIGER and TIFIA – good news, since the 2012 transportation budget [passed](#) by a House subcommittee yesterday [zeroed out TIGER entirely](#). It also builds on his [instruction to agency heads](#) to identify projects that deserve federal help – if not funds – for streamlining the process.

Transportation reform advocates praised the bill, with James Corless of Transportation for America calling it "both ambitious and pragmatic."

House Transportation Committee ranking Democrat Nick Rahall sat next to Chair John Mica during the speech, and afterward, Rahall said, "We may have walked out of the chamber with different views on the President's proposals, but I remain committed to working together in a bipartisan fashion."

We'll see if they can find anything they both agree to work on. The statement Mica issued after the speech was a quick repudiation of everything the president had asked for:

While the President reconfirmed that our highways are clogged and our skies are congested, his well delivered address provided only one specific recommendation for building our nation's infrastructure.

Unfortunately, a National Infrastructure Bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction. A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.

Key interests who have supported the general notion of infrastructure investment in the past won't necessarily fight for Obama's specific proposal. The U.S. Chamber of Commerce issued a statement saying that infrastructure spending – even paired with all the tax cuts Obama proposed – wasn't enough if it didn't include de-regulation or a commitment to free enterprise instead of bigger government.

Democrats lined up in Obama's defense. EPW Committee Chair Barbara Boxer called the president's plan "both inspirational and specific" and pledged to work "on a bipartisan basis to pass the American Jobs Act." House Minority Leader Nancy Pelosi, meanwhile, called on all House Committee ranking members to urge their chairmen to schedule immediate hearings and action on the legislation proposed by the president.

One of the first things Obama said in his speech is that "everything in this bill will be paid for; everything." But again he's leaving the details to Congress.

When the President unveiled his ambitious \$556 billion transportation agenda last February, he let his Transportation Secretary twist in the wind as Congress demanded to know how the thing was going to be paid for. All LaHood would say, for months, was that he looked forward to working with Congress on it.

This time, Obama's leaving the funding question to the bipartisan "super committee" formed as part of the debt ceiling/deficit reduction deal this summer, which just started work and is already beginning to fracture. That committee is already tasked with finding \$1.5 trillion in cuts, which was a tall order for a group that can't seem to agree on what to order for lunch. Now Obama's asking them to find more.

With Diminished Expectations, President Obama Renews Attempt to Expand Transportation Financing

Yonah Freemark

September 9th, 2011 | [9 Comments](#)

» **Major components of the President's American Jobs Act include direct grants for improved transportation and an infrastructure bank.**

A year and two months away from the United States' next big election, politics in Washington are at a virtual standstill, with Democrats and Republicans completely at odds with one another when it comes to government policies. The situation has aggravated an already difficult funding situation for the nation's transportation, which lacks an adequate funding source and faces a murky future. Meanwhile, the unemployment situation worsens.

President Obama's speech tonight, in which he introduced a proposed American Jobs Act, was designed to stake a strong ground in opposition to the anti-investment GOP. In addition to a number of other policies, it promoted transportation investment as a great opportunity for reducing the rate of joblessness and improving the sometimes miserable condition of the country's highways, rail, and transit. While the speech is unlikely to result in much Congressional action — Republicans do not seem inclined to support any of the President's initiatives — it came across as thoughtful and in line with the nation's great economic needs of the moment.

For transportation, the bill would direct \$50 billion to the construction of highways, transit, rail, and aviation. Another measure would deposit \$10 billion into an infrastructure bank. Both funds would identify and sponsor the projects most likely to spur job growth as quickly as possible. Though the proposal was not laid out in further detail tonight, it represented another variation of the ramp-up in investments in transportation the Obama Administration has been attempting to promote for several years now.

Even so, the project was a clear step back from the far more ambitious proposals Mr. Obama made at the beginning of the year, when he suggested directing \$70.4 billion to highways, \$18.5 billion to transit grants, and \$8.0 billion to high-speed rail in 2012 alone.

In response to the President's new plans, House Majority Leader Eric Cantor (R-VA) criticized him for being unwilling to describe how the investments would be paid for, evidently unwilling to accept the Keynesian evidence that in difficult economic periods it is a good idea for governments to use deficit funding to support the economy. Chair of the House Transportation and Infrastructure Committee John Mica (R-FL) immediately articulated a position against the plans for the infrastructure bank, arguing that states should take on the responsibility.

Just yesterday, the Republican leaders of the House Appropriations Committee unveiled their proposals for massive reductions in spending at the U.S. Department of Transportation, reducing highway expenditures to \$27.7 billion in 2012 (from \$41.8 billion in 2011) and transit formula spending to \$5.2 billion (from \$8.3 billion). No new New Start or Small Start transit capital grants would be funded. The high-speed rail program, which had once been one of Mr. Obama's signature policies, would be entirely cut. These are austerity measures completely out of step with an economy desperately in need of stimulus, job creation, and infrastructure improvements.

Alternatives to Mr. Obama's plan that would continue to limit transportation funding from the federal government have little credibility — at least if we believe that keeping the nation's mobility networks in a condition of acceptable repair is an important national goal. States have limited ability to increase their indebtedness, and the cutbacks that have followed the recession have demonstrated that governors and state legislatures have been almost universally unwilling (or unable) to invest their own funds to shore up their roads and transit lines — in spite of a decline in support from D.C.

At this point, with a Congress that has now dithered on the matter of transportation funding for 709 days, the President's proposal is about as good as it gets. That doesn't mean, however, that it has any chance of making it into law.