

Win the Future With a 21st Century Infrastructure

Having emerged from the worst recession in generations, we must do what we can to broaden the recovery and spur job creation across the country. We also must look to the future and prepare to create the jobs and industries of tomorrow in an increasingly competitive global economy. That will take out-innovating, out-educating, and out-building the rest of the world; restoring fiscal responsibility to remove the burden of deficits and debt; and reforming our government so that it is more effective, efficient, and open to the American people. The 2012 Budget presents the Administration's plan to do all of that. It lays out an achievable strategy to get us on the path to sustainable deficits and beyond by making tough decisions about cuts throughout the budget. It targets scarce federal resources to the areas critical to winning the future: education, innovation, clean energy, and infrastructure. And it proposes to reform how Washington does business, putting more federal funding up for competition, cutting waste, and reorganizing government so that it better serves the American people.

In today's global economy, infrastructure is critical to economic growth and competitiveness, and our global competitors are investing much more in infrastructure than we do. To build the infrastructure we need to win the future, the Budget will:

Make an Historic Investment in and Reform of Surface Transportation. Because the President recognizes the importance of a modern transportation infrastructure to the growth and competitiveness of the economy, the Budget proposes a historic six-year surface reauthorization package. Adjusted for inflation, this investment represents an increase of about \$35 billion per year, or 60 percent on average, over the previous six-year authorization period. The proposal also seeks to reform how these Federal transportation dollars are spent so that they are directed to the most effective programs and projects. It will give States and localities added flexibility while holding them accountable for performance and make Federal funding decisions based on more sound and inclusive transportation plans. The plan provides a \$50 billion funding boost in the first year to spur job creation when we need it most, and to lay a foundation for future economic growth through greater and safer transportation choices for Americans and increased business development in communities. Finally, transportation programs are reformed to increase accountability and efficiency and deliver cost-effective infrastructure projects. Specifically, the plan will:

- *Invest in High Speed Rail.* The Administration's reauthorization provides \$53 billion over six years to continue construction of a national high speed and intercity passenger rail network, putting the country on track toward a system that gives 80 percent of Americans access to high-speed rail within 25 years. This proposal will connect communities, reduce travel times and congestion, and create skilled manufacturing jobs that can't be outsourced. And, for the first time, it will place high-speed rail on equal footing with other surface transportation programs.

- *Leverage Our Investments Through a National Infrastructure Bank.* The Administration's six year plan would invest \$30 billion to found a National Infrastructure Bank (I-Bank). The I-Bank would leverage this Federal investment by providing loans and grants to support individual projects and broader activities of significance to our Nation's economic competitiveness. For example, the Bank could support improvements in road and rail access to a West Coast port that benefit farmers in the Midwest, or a national effort to guarantee private loans made to help airlines purchase equipment in support of the next generation air traffic control system (NextGen). A cornerstone of the I-Bank's approach will be a rigorous project comparison method that transparently measures which projects offer the biggest "bang for the buck" to taxpayers and our economy. This marks a substantial departure from the practice of funding projects based on more narrow considerations.

- *Provide "Transportation Leadership Awards" to Spur Smart Reforms.* The Administration's six-year reauthorization plan would dedicate nearly \$32 billion for a competitive grant programs designed to create incentives for State and local partners to adopt critical reforms in variety of areas, including safety, livability, and demand management. Federally-inspired safety reforms such as seat belt and drunk-driving laws saved thousands of American lives and avoided billions in property losses. This initiative will seek to repeat the successes of the past across the complete spectrum of transportation policy priorities. The Department will work with States and localities to set ambitious goals in different areas – for example, passing measures to prevent distracted driving (safety) or modifying transportation plans to include increased transportation options that cut commuting time, ease congestion, reduced oil consumption, lower greenhouse gas emissions, and expand access to job opportunities and housing that's affordable (livability). Funding decisions will also be tied to the adoption of reform.

- *Adopt A "Fix It First" Approach for Highway and Transit Grants.* Key elements of the nation's surface transportation infrastructure – our highways, bridges, and transit assets – fall short of a state of good repair. This can impact the capacity, performance, and safety of our transportation system. The Administration's reauthorization proposal will underscore the importance of preserving and improving existing assets, encouraging its government and industry partners to make optimal use of current capacity, and minimizing life-cycle costs through sound asset management principles. Accountability is a key element of this system: States and localities will be required to report on transportation condition and performance measures.

- *Invest In More Livable and Sustainable Communities.* A livable community is a place where coordinated transportation, housing, and commercial development give people access to affordable and environmentally sustainable transportation. The Administration's reauthorization proposal puts forth a transformational policy shift to achieve more livable and sustainable communities through increased investments in transit, a new livability grant program in the Federal Highway Administration and the Federal Transit Administration, and a competitive livability grant program for States and localities to deliver on sound, data-driven, and collaboratively-developed transportation plans. This will be coordinated through the Administration's multi-agency Partnership for Sustainable Communities.

- *Consolidate Highway Programs.* The Administration's proposal would consolidate over 55 duplicative, often-earmarked highway programs into five streamlined programs. This would give States and localities greater flexibility to direct resources to their highest priorities. In the interest of taxpayer value and accountability, that flexibility will come with reformed requirements on States to establish and meet performance targets tied to national goals and to move towards rigorous cost benefit analyses of major new projects before they are initiated.
- *Ensure that Any Surface Transportation Plan is Paid For.* The current framework for financing and allocating surface transportation investments is not financially sustainable, nor does it adequately or effectively allocate resources to meet our critical national needs. The President is committed to working with Congress on a bipartisan basis to ensure that funding increases for surface transportation do not increase the deficit. In order to encourage all parties to work together to enact such a solution, consistent with the recommendation of the National Commission on Fiscal Responsibility and Reform, the Budget proposes to make all programs included in surface transportation reauthorization subject to PAYGO (i.e., outlays classified as mandatory). This is intended to close loopholes in budgetary treatment and support the important goal of generating broad, bipartisan consensus for a fiscally responsible plan.

Modernize the Aviation System. The Budget provides \$1.24 billion for the Next Generation Air Transportation System, the Federal Aviation Administration's multi-year effort to improve the efficiency, safety, and capacity of the aviation system. This will help the country move from a national, ground-based radar surveillance system to a more accurate satellite-based one which will result in the development of more efficient routes through airspace. This, in turn, would allow more planes to fly, reduce delays, save fuel, and improve overall safety. To assist those airports that need the most help, the Administration proposes to focus Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital and reduce grants for larger airports. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges, creating the flexibility to generate their own revenue as they see fit.

Bring Next-Generation, Wireless Broadband to All Parts of the Country. The advances in wireless technology and the adoption of and reliance on wireless devices in daily commercial and personal life have been dramatic. High-speed, wireless broadband is fast becoming a critical component of business operations and economic growth. The United States needs to lead the world in providing broad access to the fastest networks possible. To do that, however, requires freeing up underutilized spectrum currently dedicated to other private and Federal uses. To that end, the Budget proposes legislation to provide authority for "voluntary incentive auctions" that will enable spectrum licensees to auction the rights to use their spectrum in return for a share of the proceeds. This step is critical both for reallocating spectrum and re-purposing it over the coming decade to greatly facilitate access for smart phones, portable computers, and innovative technologies that are on the horizon. Voluntary incentive auctions, along with other measures to enable more efficient spectrum management, will generate more than \$28 billion over the next 10 years, providing funds that will enable us to:

- Build an interoperable wireless broadband network for public safety that would allow for seamless use by first responders across the country and reserve additional spectrum for public safety use.
- Expand high-speed, wireless broadband to rural America, complementing the Federal Communications Commission's reform of its Universal Service Fund.
- Establish a Wireless Innovation Fund to accelerate the research and development of cutting-edge wireless technologies and applications.

Taken together, these investments will give more Americans access to the data networks that will be central to future economic growth and job creation. And nearly \$10 billion of the funds generated from spectrum reallocation will be used for deficit reduction.

Invest in Modern Electricity Delivery Infrastructure. The Budget continues to support the modernization of the Nation's electrical grid by investing in research, development, and the demonstration of smart-grid technologies that will spur the transition to a smarter, more efficient, secure and reliable electrical system. The end result will promote energy- and cost-saving choices for consumers, reduce emissions, and foster the growth of renewable energy sources like wind and solar. In addition, the Budget supports the Power Marketing Administration to reliably operate, maintain, and rehabilitate the Federal hydropower and transmission systems.

Invest in Water Infrastructure. The Budget provides funding of \$1.5 billion for construction work by the Corps of Engineers for projects with high economic returns, dam safety work, projects that address public safety needs, and those that restore significant aquatic ecosystems. The Budget also supports increases in receipts to help pay for additional investments in the inland waterways. The Budget reflects an Administration emphasis on reliability and safety of existing Federal water resources infrastructure, and gives priority to the operation and maintenance of key projects that contribute to our national economy, such as the inland waterways with the most commercial use and the major coastal harbors and their channels. The Budget provides funds for the Bureau of Reclamation to advance water conservation activities and efforts to bring reliable water supplies in Western States. The Budget also provides \$2.5 billion total for the Environmental Protection Agency's (EPA) Clean Water and Drinking Water State Revolving Funds (SRFs). As part of the Administration's long-term SRF strategy, EPA is implementing a Sustainable Water Infrastructure Policy that focuses on working with States and communities to enhance technical, managerial, and financial capacity. For the Department of Agriculture's water and wastewater grants and loans, the Budget proposes a \$1.2 billion program level to maintain assistance for water infrastructure in rural America.