The United States Conference of Mayors

MAINSTREETSTIMULUS

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Testimony of

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Past President, The U.S. Conference of Mayors

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Before

The Committee on Transportation and Infrastructure

U.S. House of Representatives

Hearing On

"Investing in Infrastructure: The Road to Recovery"

October 29, 2009

Submitted By

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A Call to Action

Main Street America is in economic trouble. America has lost nearly 800,000 jobs in the last nine months. Unemployment is now at 6.1 percent, and is projected to rise to over 7.5 percent next year. When under-employment is included, unemployment is projected to reach 9 percent. Families have lost $2 trillion (20 percent) of their savings. The Commerce Department has just reported that retail sales on Main Street America have dropped 1.2 percent in September, foreshadowing a dismal holiday shopping season – which accounts for approximately 25 percent of annual sales income for most businesses.

Our citizens ask us every single day what this economy will do to their jobs, their long-term savings, their mortgages, and their pension funds. Parents are getting laid off from their jobs, families are struggling to pay bills, the mortgage crisis and foreclosures are forcing families to double-up and move in together, grandparents are struggling with retirement, and young people unable to secure financial aid are being forced to forgo college. In addition, severe state cutbacks are resulting in a loss of needed services on Main Street.

Washington bailed out Wall Street to the tune of $700 billion. It is now time for Washington to help local governments and the private sector create jobs and economic growth by passing an immediate "Main Street Stimulus."

Over the last three months, U.S. Conference of Mayors President Manuel A. (Manny) Diaz of Miami has led a national tour with *Mayors '08 Action Forums* on 1) Crime; 2) Infrastructure; 3) Poverty; 4) Environment and Energy; and 5) Arts and Tourism. At each of these forums, mayors and national experts focused on the weakened economy, the immediate needs of working families, and ways to create jobs.

In today's world, it is Mayors who lead the metro economies that drive the nation. These metro economies now account for 86 percent of national employment, 90 percent of labor income, and 90 percent of gross domestic product (GDP). Therefore, if we are going to reverse the current economic situation and create jobs, the only way to do so is to invest in these Main Street, metro economies.

Following are 10 "Main Street Stimulus" programs that will create jobs now, improve the infrastructure that the private sector needs to succeed, help the small businesses of main street America, and have lasting economic and environmental benefits.

We have built on the House-passed $60 billion stimulus package to calculate our funding recommendations, which total $89.98 billion of the now estimated $150 billion stimulus. The methodology for our recommendations is contained on page two of this document.

Cities are ready to go, and jobs can be created now! Therefore, federal agencies and the states must be required to dispense these funds immediately.

We commend the House and the Senate for their efforts to enact a second stimulus last month before the congressional recess. We stand ready to work with Congress during the upcoming emergency session to make sure that a "Main Street Stimulus" plan is signed into law this year.

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Mayor of Miami, President

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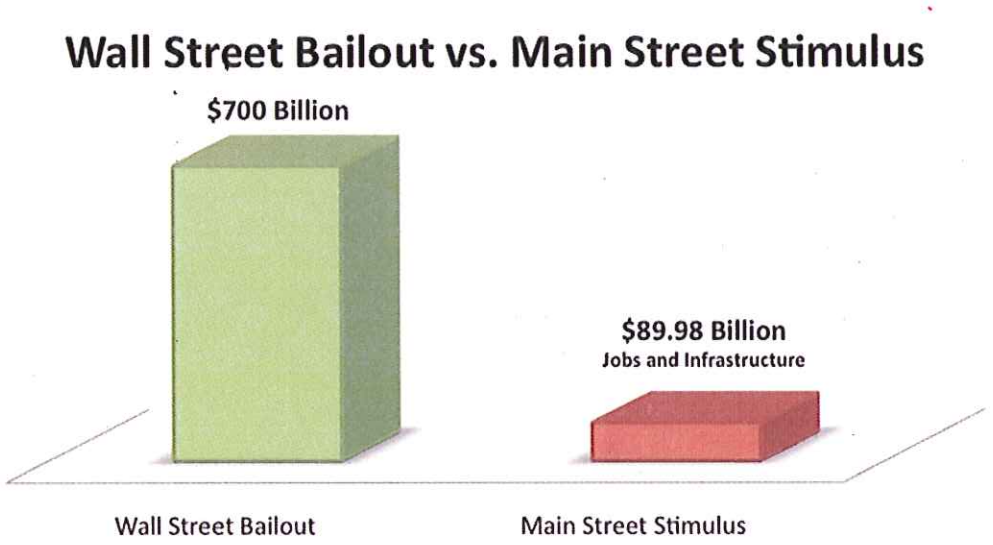
Project (Dollars in Billions)	H.R. 7110 (Passed House 9/26/08)	Mayors' MainStreet Stimulus Plan
1. Community Development Block Grant for Infrastructure[1]	$4.00	$10.00
2. Energy Block Grant for Infrastructure and Green Jobs[2]	$2.00	$5.00
3. Transit Equipment and Infrastructure	$3.60	$9.00
4. Highway Infrastructure	$12.80	$32.00
5. Airport Technology and Infrastructure	$0.60	$1.50
6. Amtrak Infrastructure	$0.50	$1.25
7. Water and Wastewater Infrastructure	$7.50	$18.75
8. School Modernization	$3.00	$7.50
9. Public Housing Modernization	$1.00	$2.50
10. Public Safety Jobs and Technology[3]	$0.99	$2.48
Main Street Stimulus Total	**$35.990**	**$89.98**
Congressional Stimulus Bill Total (Estimate)	**$60,000.00**	**$150,000.00**

Methodology: *Figures are based upon the original Stimulus Bill proposal (H.R. 7110) that passed the house on September 26, 2008 which totaled $60 billion. Since then, the Speaker's Office, along with the Senate Majority Leader's Office have indicated through media reports that the Stimulus Bill that will be brought to the floor after the November 4th elections will total $150 billion, thus, the figures were adjusted proportionally (2.5x) in our plan. Other figures, referenced below, were also used.*

[1] United States Conference of Mayors Survey. 1993. "Ready to Go".
[2] As authorized by the Energy Independence and Security Act of 2007.
[3] Senators Reid/Byrd proposal in Senate version of Stimulus bill.



1. Community Development Block Grants for Infrastructure ($10 Billion)

CDBG, established in 1974, is a proven and effective program in the city-federal partnership. Through the years, the federal government has adjusted the CDBG delivery system to allow additional flexibility to address national emergencies, and this should be done now to confront the current economic crisis. CDBG assisted New York City following the 9/11 terrorist attack and provided resources to the Gulf States and communities after several hurricane disasters. CDBG is currently being used to address the foreclosure crisis with the $3.9 billion Neighborhood Stabilization Program (NSP) to communities faced with vacant and abandoned properties.

Today, CDBG can be used to **create jobs through: the construction of public facilities and improvements, water and sewer facilities, streets, and neighborhood centers; the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources; and assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.**

FACT: 21,140 small businesses received CDBG funding in Fiscal Year 2007. Sixty-two percent of the business assistance was for existing businesses, and 75 percent of all business assistance resulted in the creation or retention of jobs. ...HUD Performance Report, 2008

2. Energy Block Grant for Infrastructure and Green Jobs ($5 Billion)

It is time to move America toward a greener economy and tap the potential to create millions of green jobs for Main Street businesses and free the U.S. economy from its dependence on foreign oil. Commitments made now will stimulate the development of green jobs for Main Street small businesses. This would help small business weather the current economic downturn and position them for even more significant economic growth. Potential green jobs -- 4.2 million nationwide by 2038 -- and other important benefits for the nation's economy were described in a recent study, *Current and Potential Green Jobs in the U.S. Economy*, prepared by Global Insight for The U.S. Conference of Mayors.

We have 900 mayors who have signed the United States Conference of Mayors Climate Protection Agreement, and they are ready to go. **Five billion dollars in funding for the Energy Efficiency and Conservation Block Grant (EECBG) program will give cities, counties and states the resources to create thousands of energy efficiency and renewable energy production projects throughout the U.S. Such main street-stimulating projects would include the installation of solar panels or wind turbines for the production of electricity on local buildings, deployment of new energy distribution technologies that significantly increase energy efficiency, such as distributed generation or district heating and cooling systems, development of systems to capture and generate power from methane at landfills and energy retrofits of public and private buildings within local areas.**

FACT: A $100 billion federal investment over two years is estimated to create two million green-collar jobs. ...Center for American Progress, August 2008. Since many of the activities in this report would be supported by Energy Efficiency and Conservation Block Grant (EECBG) resources, the Conference of Mayors estimates that a starting EECBG investment of $5 billion would result in the creation of more than 100,000 jobs.

3. Transit Equipment and Infrastructure ($9 Billion)

Transit agencies (rail and bus) are being forced to raise fares, cut service, and borrow to address capital and operating needs, while experiencing a dramatic surge in Main Street ridership due to higher gas prices. Congress should fund the **purchase of buses, street cars, rail cars and other rolling stock and equipment needed to create additional capacity; help stabilize fare increases, improve reliability; and restore and maintain facilities and infrastructure** in a state of good repair. This could include improvements to expand station capacity, rail track improvements, and customer information screens, while at the same time creating much-needed high-paying jobs and economic activity on Main Street.

FACT: There has been a surge in the use of buses and other transit systems due to pain at the pump. In 2007, 10.3 billion trips were taken on public transportation - the highest number taken in 50 years. Ridership has continued to climb in 2008. According to a recent survey of the nation's transit providers, 85 percent of transit systems are reporting capacity constraints, with nearly four out of ten transit agencies now turning passengers away from affordable public transportation. ...American Public Transportation Association, 2008

FACT: The Federal Highway Administration estimates that every $1 billion spent on transportation infrastructure creates 47,000 jobs (or more) and up to $6 billion in additional gross domestic product. With the housing market in decline, construction employment fell by more than 360,000 jobs since March 2007, leaving a ready labor force to begin new projects. ...Economic Policy Institute, 2008

4. Highway Infrastructure ($32 Billion)

To create Main Street jobs, support the metro economic engines, and ensure that traffic congested areas actually receive funding and critical deferred maintenance is addressed, additional highway stimulus funds must not be distributed based on the current state-based status-quo system.

Therefore, the Surface Transportation Program (STP) – which was created by Congress in 1991 – must be the mechanism for distributing highway stimulus funding. This will provide maximum flexibility to cities, counties, and states in advancing bridge, bus and rail, and road projects in our nation's metropolitan areas. This ensures that funds are allocated more evenly within each state so that mayors and other local leaders, who own and operate most of the transportation assets and facilities, are at the table to make decisions on "ready to go" projects. At the same time, this would create thousands of high-paying jobs, aid small businesses, and fuel economic activity on America's main streets.

Using this program structure means that, in addition to the guaranteed share of STP funds reserved for the states, local officials and local areas within the states would receive a balance of the funds based on population, as federal law has provided since 1991. Importantly, every eligibility under current law is subsumed under the STP program, so that state and local decision-makers have the maximum flexibility to select any project, whether it is a project to repair a bridge on the Interstate System or a less costly bridge repair project in a city, town or county.

FACT: The nation's urban areas generate 60 percent of the value of U.S. goods and services. The efficient movement of citizens and goods within these areas is critical to their productivity, and by extension, to the economic productivity of the nation itself. ...National Surface Transportation Policy and Revenue Study Commission, 2007

FACT: Nearly 70 percent of the nation's urban and suburban roads ... are in less than good condition, according to the Federal Highway Administration. While the nation is making progress on fixing the Interstate (freeways and expressways), spending to repair older roads and bridges and reinvest in other community transportation facilities is far short of need. ...Surface Transportation Policy Partnership, 2006

5. Airport Technology and Infrastructure ($1.5 Billion)

The nation's airport infrastructure urgently needs increased funding to begin to address the investment gap in airport capacity, safety, and technology. To create high-paying jobs, assist small businesses and airport retailers, and stimulate economic activity on Main Street, Congress should fund **ready-to-go Airport Improvement Program (AIP) projects. These include runway and taxi rehabilitations, extensions, and widening; obstruction removal; apron construction, expansion and rehabilitation; rescue and firefighting equipment and facilities; airside service or public access roads; and noise mitigation and abatement (Part 150) associated with aircraft operations - including voluntary home buyout, which would fuel the local housing market, and residential and business insulation programs.**

FACT: Total estimates of airports' capital development costs for 2007 through 2011, adjusted for inflation, is $87.4 billion or $17.5 billion annualized. This is a 22 percent increase from the 2005 estimates. ...Airports Council International-North America, 2007

FACT: The total cost of domestic air traffic delays to the U.S. economy was as much as $41 billion for 2007. ...U.S. Congress Joint Economic Committee, 2008

6. Amtrak Infrastructure ($1.25 Billion)

Amtrak is experiencing record ridership across the railroad's entire system for intercity passenger rail service. Amtrak connects rural, suburban, and urban communities in all regions of the nation. With unpredictable and expected higher fuel prices, highway congestion, and an uncertain aviation outlook, Congress should increase federal funding to **make necessary upgrades to tracks, bridges and tunnels, electric traction, interlockings, signals and communications, and stations on the nation's Amtrak system.** In addition, Amtrak will be able to refurbish rail cars that are currently in storage and return them to service. This funding level would help stimulate local economies by creating thousands of high-paying jobs and small business activity.

FACT: Amtrak ridership in Fiscal Year 2008 increased to more than 28 million, marking the sixth straight year of gains and setting a record for the most passengers using Amtrak trains since the National Railroad Passenger Corporation started operations in 1971. ...Amtrak, 2008

FACT: $4.2 billion is needed just to bring Amtrak engineering infrastructure system to a state-of-good-repair, excluding some major bridge and tunnel work. With the backlog of major bridge and tunnel work, the backlog approaches an estimated $6 billion. ...Amtrak, 2005

7. Water and Wastewater Infrastructure ($18.75 Billion)

Water and wastewater infrastructure is an integral component of the nation's economic competitiveness, protects public health, and creates jobs.

In 2006 alone, local government spent $85 billion on water infrastructure. During the same time the Federal government provided only $1.9 billion through state loans. Through user rates, local bonds, and taxes, local governments contribute 98 percent of the total investment in wastewater and 95 percent of the investment in water infrastructure. Despite the tremendous investment made by local government, the Environmental Protection Agency estimates that there still is a $500 billion "needs gap" to meet our water and wastewater infrastructure needs and to comply with current unfunded mandates.

Due to leaking pipes, cities can lose anywhere from five to 40 percent of their water and wastewater. Thirty-five percent of cities in a Conference of Mayors survey do not know where their source of water will come from by 2025. Therefore, Congress should allocate an additional $18.75 billion directly to cities as **grants to assist with rehabilitating aging water and sewer infrastructure, complying with sewer overflow issues, and promoting source water protection and availability.** This additional investment will result in immediate job creation in cities and across the nation, as many local Main Street infrastructure projects are ready to go.

FACT: For every dollar of water and sewer infrastructure investment, Gross Domestic Product increases by $6.35 in the long-term. For each additional dollar spent on operating and maintaining the water and sewer industry, revenue or economic output for all industries is increased by $2.62 in that year. In addition, every new water and sewer job creates 3.68 jobs in the national economy. ...The Cadmus Group, for The U.S. Conference of Mayors, 2008

8. School Modernization ($7.5 Billion)

America's schools are in dire need of modernization and repair. Every day, many of our children attend school in overcrowded classrooms with faulty electrical systems, broken windows, peeling paint and leaking roofs. Existing schools are bursting at the seams and hold class in "temporary" trailers, converted closets and hallways. New facilities are desperately needed to accommodate this ever-growing student population. In addition, too many students attend schools that lack the basic electrical and telecommunications equipment necessary for connection to the Internet or to implement new education technologies.

The Conference supports a $7.5 billion federal investment to **repair and modernize school buildings in both large and small city school districts, improve their energy efficiency and equip them with first-class technology.** This investment would create jobs in the construction industry, one of the industries hardest hit by the recent economic downturn -- having lost 528,000 jobs since September 2006. In addition, by helping local school districts create schools that are energy efficient and more reliant on renewable sources of energy, this investment could greatly reduce the emissions that contribute to global warming.

FACT: The total funding need for public school modernization is $321.9 billion. Of that total, $268.2 billion of the need is for school infrastructure, and $53.7 billion of the need is for education technology. ... National Education Association (NEA): *Modernizing Our Schools: What Will It Cost, 2000*

9. Public Housing Modernization ($2.5 Billion)

Funding can be used for **repair and construction projects, including safety repairs**. Every dollar of Capital Fund expenditures produces $2.12 in economic return. Many of the vendors used to make repairs and undertake construction projects are small businesses.

FACT: The public housing capital fund has a backlog of capital improvement needs estimated at $20 billion. ...Center on Budget and Policy Priorities, 2002

10. Public Safety Jobs and Technology ($2.48 Billion)

Unless you have a safe Main Street, you don't have a Main Street. Recent surveys conducted by mayors and police chiefs have found that there is a link between current economic conditions and increasing crime rates, particularly those for burglaries and thefts.

Additional COPS Funding – Providing $1.25 billion to local police departments to hire additional personnel would accomplish several purposes: It would put over **16,000 additional police officers on the streets**, thus beginning the process of getting local police departments to the staffing levels they require; it would improve public safety in the cities which receive funding for officers, and through that improved public safety contribute to further economic development and, possibly, further job creation. Mayors and police chiefs have recommended that COPS funding be made more flexible so that police departments are able to use that funding both for sworn officers and for those professionally trained in DNA analysis and forensics. Current law limits COPS hiring grants to sworn officers and provides a maximum of $75,000 in federal funding over three years per officer.

Additional Byrne Justice Assistance Grant Funding – Providing an additional $1.23 billion to the Byrne program could help to **keep thousands of police officers in their jobs,** and could make current and newly hired police officers more effective by assuring that they have needed equipment and new technologies.

FACT: An additional 92,316 officers are needed in local police, sheriffs' and special jurisdiction departments now. And, 42 percent of cities are seeing increased crime as a result of the current economy. ...U.S. Conference of Mayors: *Economic Downturn and Federal Inaction Impact on Crime Survey*, August 2008