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## **TESTIMONY**

**BEFORE THE UNITED STATES SENATE COMMITTEE ON  
BANKING, HOUSING, AND URBAN AFFAIRS**

**“CONDITION OF OUR NATION’S INFRASTRUCTURE:  
LOCAL PERSPECTIVES FROM MAYORS”**

**BY**

**MICHAEL R. BLOOMBERG**

**MAYOR OF NEW YORK CITY**

**Thursday, June 12, 2008**

Good morning, Chairman Dodd, Senator Shelby, and members of the Committee, and thank you for inviting me here. My name is Michael Bloomberg and I am the mayor of New York City. I am also the co-chair of Building America's Future, a coalition of state and local officials that I founded along with Pennsylvania Governor Ed Rendell and California Governor Arnold Schwarzenegger in January of this year. The reason is very simple: We are facing an infrastructure crisis in this country that threatens our status as an economic superpower – and threatens the health and safety of the people we serve.

As you know, infrastructure is not a sexy or glamorous topic – but it is one of the most pressing issues facing our country. That is why, in good economic times and bad, I have made infrastructure a top priority. Attached to my testimony is a summary list of projects we are currently working on, but let me just point out that we are investing:

- \$2 billion to build a subway extension to the Far West Side of Manhattan;
- \$6 billion on our Water Tunnel #3, which will provide a critical back-up supply of water; and
- \$6 billion on upgrades to our sewage treatment plants.

We are making tens of billions of dollars in improvements and expansions to our infrastructure, but even that is nowhere near enough. The New York City region needs \$29.5 billion just in the next five years to continue to bring our mass transit system up to a state of good repair and to expand capacity to meet expected demand. And we need \$23 billion to do the same for our drinking water and wastewater systems.

Nor are we unique in this regard. According to the American Society of Civil Engineers, the entire country needs to invest at least \$1.6 trillion over the next five years to maintain and expand our roads and bridges, bring our rail networks up to a state of good repair, and construct critical water and wastewater projects.

\$1.6 trillion is a staggering amount. But it's also staggering how little the federal government is doing to help cities and states address these challenges. As you well know, it wasn't always that way. During the Great Depression, the New Deal provided economic stimulus in the form of jobs to build infrastructure. La Guardia Airport – which I would imagine many of you have flown in and out of – was a New Deal project, as was the electrification of the New York-Washington rail line. These projects created jobs, and they also created a lasting infrastructure that still serves our country.

After World War II, Congress saw the need to tie the nation together with a highway network and, together with President Eisenhower, made that network a national priority and funded 90 percent of its total costs. In the 1960s and 1970s, the federal government took the lead in funding transit projects around the nation, including Washington's metro system.

But the decades that followed saw less and less leadership from Washington – and less willingness to open its purse strings. In 1980, the federal government was spending six percent of its entire domestic budget on infrastructure. Today, that figure is less than four percent. As a result, state and local governments are now responsible for three out of every four dollars spent on public infrastructure.

To remain the world's economic superpower, we must build the infrastructure to support strong and sustained growth. And that means, very simply, things have got to start changing in Washington.

I hope 2009 will be a watershed year. The expiration of the current transportation bill will allow for a new debate on our infrastructure needs. I would hope and expect that it will focus on two issues: first, what should be the role of the federal government in our transportation system; and second, how we are going to pay for everything we know we need. And there are a few principles that I believe should guide the discussion:

**First, we need to set clear goals – both for the short-term and long-term – and clear metrics for measuring success.** Right now, we have no coherent national transportation policy. It's just a grab bag of programs with no goals that correspond to national priorities, such as reducing our dependence on oil and cutting our greenhouse gas emissions. We also lack performance standards to ensure we can meet our goals, which is just basic accountability. And we lack incentives that encourage cities and states to be more efficient, which is a basic idea of market economics. These practices are straight from Management 101, and we need to put them to work when it comes to transportation.

**Second, we need to dramatically increase funding to help achieve our goals.** Infrastructure costs money. But polls show that people are willing to pay for it – if they know they will benefit from it. Voters are smarter than politicians give them credit for being. They know there's no free lunch. But if they're paying for sirloin, they don't want to get served a bunch of baloney. To create the new funding we need, all options should be on the table, including general revenue, user fees, gas taxes, and public-private partnerships.

**Third, we need to fund projects based on merit, not politics.** One of the most promising concepts is the one introduced by Senators Dodd and Hagel: a national infrastructure bank. The bank would create an independent and nonpartisan entity that would fund the most vital needs – not the most parochial pork-barrel projects. The bank's nonpartisan structure would also help us achieve the first principle I mentioned: instilling clear performance standards and accountability measures into projects.

These three principles are not Democratic or Republican. They are simply basic ideas that anyone serious about addressing our national infrastructure crisis should be able to support.

Thank you, again, and I would be happy to answer any questions you may have.