



ULI Infrastructure Update: President's Budget, and *Infrastructure 2011*

2/24/2011

Infrastructure Is Key Priority in President's Budget. Last week, President Obama unveiled his [FY2012 budget](#), which includes a strong emphasis on [infrastructure](#). While the budget contains a five-year freeze in discretionary spending to reduce the federal deficit, the president pegged infrastructure as a catalyst for job creation, economic recovery, and global competitiveness.

Specifically, the budget contains the administration's proposal for a large new, six-year surface [transportation program](#). The \$556 billion program includes an infusion of \$50 billion in the first year to jumpstart job creation, and \$53 billion for high-speed rail. The plan emphasizes the repair of existing transportation assets, continues funding for federal livability programs that reward metropolitan areas for decisions that link land use and sustainability, and consolidates federal highway programs. Obama is also proposing the formation of a National Infrastructure Bank by investing \$30 billion to be leveraged with loans and grants to exemplary projects across the country.

In a number of [recent reports](#), ULI has noted the need to invest in U.S. infrastructure, including deteriorating transit, road, and water networks. The 2009 report, [Transportation for a New Era](#), emphasized many of the priorities laid out in the president's budget. ULI has long supported creation of a National Infrastructure Bank because of its potential to harness the resources of the private sector and fund projects based on merit, and has explored models that include the [European Investment Bank](#) and the [California I-Bank](#).

How to pay for increased spending on infrastructure remains a key question, and the budget proposals face a skeptical Congress. The Republican Study Committee (RSC), a conservative House GOP group, recommends budget cuts to reduce the federal deficit by \$2.5 trillion over ten years. Rail transit saw a big hit, with the RSC [recommending](#) elimination of federal funding for Amtrak, high-speed rail, and the New Starts program, the federal government's funding program for local major transit investments.

Looming Deadline. On March 4, the existing Continuing Resolution for the FY2011 budget expires. SAFETEA-LU, the bill authorizing federal surface transportation funding, was extended in the Continuing Resolution. If the House and Senate do not reach an agreement by March 4 to either pass last year's budget or create another stopgap funding resolution, there is a risk of a federal government shutdown. The fate of the transportation reauthorization remains uncertain: it could remain tied to the Continuing Resolution or it could take a separate path.

Gas Price Uncertainty. The ongoing global economic recovery, coupled with the recent unrest in the Middle East, is leading many [analysts](#) to predict that gasoline prices will climb in the coming months. Some estimate that prices will rise to \$4 to \$5 a gallon by this summer, and also predict increased volatility. Higher gasoline prices could stall the economic recovery. Could they also spur a needed national dialogue on the pitfalls of dependence on foreign oil?

Infrastructure 2011, Coming in May. The fifth in an annual series produced by the Urban Land Institute and Ernst & Young, *Infrastructure 2011* examines global infrastructure trends and reviews how U.S. metropolitan areas are addressing infrastructure needs in the face of the economic slowdown. This year's report also highlights major public/private partnerships, innovative global approaches and much more. Building on extensive research, interviews, and data, *Infrastructure 2011* reveals what the next few years will hold for infrastructure. For more information about the release of the report, contact Sarah Jawaid by email at sarah.jawaid@uli.org or call 202-624-7150.

The ULI Infrastructure Update is a regular review of infrastructure and transportation issues and ULI activities for ULI members and partners.

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