



Possible Economic Stimulus Bill: Advice for Congress and the States

Editorial by Tom Warne

This year will go down in the record books for many reasons. Twelve months ago, woes such as the demise of the Lehman Brothers company, bailouts of Freddie Mac and Fannie Mae, record gas prices and transportation agencies unable to secure debt to advance their projects weren't even on the radar screen. It shows how fast things can change in our world and how events that seem unrelated to transportation can alter the landscape in our industry.

Some have speculated about the possibility of an economic stimulus bill with infrastructure as its central theme. Speaker Pelosi, Majority Leader Reid and Fed Chairman Bernanke have all sent signals that something like this may happen after the election next week.

A few things are worth noting about the lame duck session where this would happen. It will be the current members of Congress who act on this bill—not the ones newly elected on November 4th. The dynamics of the out-going Congress will make for an interesting process especially if many members will be packing up for the last time. Will Republicans exercise their last ounce of influence before their ranks are further decimated in January? What will departing members want to take home for a last contribution to constituents? The process will indeed be interesting to watch.

A bill like this would be good for our industry and for the nation at-large. However, even good things can run afoul of our current political system. Remember that both Republicans and Democrats held hands on the Capital steps and sang "America the Beautiful" on the evening of 9/11. It's been awhile since any handholding by members of Congress on the steps, in the hallways or anywhere else at the Capital.

Assuming there is a bill, I offer two lists of advice so that things won't go awry in a few weeks. The first is for Congress and the second is for the states.

To Congress:

1. Don't earmark the bill. Earmarking will restrict the state DOT's ability to spend the money rapidly. If projects are earmarked with only partial funding you chance disrupting state programs which would be forced to make up the difference. Earmarked projects have much reduced chance

of going to construction immediately, based on past history.

2. Remove the requirement for matching new federal dollars with state funds (i.e. make the projects eligible for up to 100% federal funds). Some states have a hard enough time matching the normal apportionment. Adding more federal money that needs to be matched may result in states not being able to use their share of the stimulus money. Although if a state wants to match federal dollars with state funds, they should have the flexibility to do so.

3. Don't distribute the money to all current categories of funding as you do with normal apportionments. The states need maximum flexibility; putting a few dollars into disparate categories of funding with no "ready to go" projects defeats the purpose of the stimulus bill. The states need "Type O blood" that can be used anywhere in their system.

4. Don't create or require more federal oversight to watch over this money. Trust the states to get this right. The state DOT's have a strong track record for being responsible stewards of transportation funding.

5. Don't require new rules, regulations, procedures or anything else that will slow the flow of this money.

To the States:

1. Get ready now. If you wait until Congress takes action then go through normal bidding and procurement cycles after you see the first dollar come your way you will lose valuable time. You don't have to award anything but you should be ready when the money is allocated. When UDOT received the first allotment from the \$2.8 billion Utah Centennial Highway Fund on July 1, 1997 we were ready to execute many contracts that very day. We had gone through the procurement process and done everything but sign contracts prior to receiving the money. We got many kudos two weeks later at the legislature for moving so quickly.

2. Don't let your procurement staff or attorneys slow down the process. If they can't find ways to quickly move ahead with projects, find people who can. It is possible to guard the principles of your procurement process while still moving ahead with a sense of urgency.

3. If you need help to make this happen – get it. Call me or call someone – don't let your state be the one that didn't get their projects out just because you couldn't staff up or organize yourselves in time.

4. Get ready now. This is so important it was worth repeating.

I hope that Congress does pass a bill allowing billions to flow to the states and create contracting opportunities across the nation. Not only will it be good for our economy but also it will be good for

Americans in every state as they enjoy long overdue improvements in transportation systems.



Tom

Copyright © 2004-2007 The Tom Warne Report, LLC. Quotation or distribution for political or commercial use is not permitted. For questions about how this document may be shared or distributed, please visit TomWarneReport.com for contact information.