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## TRG | Policy Flashnote – The American Jobs Plan – “A long way to go before the ink dries” – DOT Contact

In advance of the President’s speech today on infrastructure, TRG spoke with key DOT contacts to better understand **The American Jobs Plan (AJP)**. To summarize, our contacts believe there is still a lot of work to do before a bill is signed into law and a lot of questions remain unanswered as to how impactful any new funding will have. Below are our takeaways.

### The Good

- While it may be initially shocking that only \$115B of a \$2T “infrastructure” package is dedicated to roads and bridges (5.9%), **our contacts believe this section of the bill may be spent over 5 years, not 8 or 10.** This would equate to \$23B annually in funding over 5 years.
- Our contacts believe this \$23B could be in addition to a reauthorized federal highway bill. At current funding levels, the President’s bill would equate to more than a 50% increase in annual funding. This would not include any increase in a surface transportation reauthorization bill that may be approved by September’s expiration. As a reminder, the Senate Committee passed a 27% increase in surface transportation funding in the summer of 2019 and the House passed a 62% increase last year.

### The Bad

- **Nearly 94%, or \$1.9T, of an “infrastructure” bill will be going to fund other programs** including \$400B to expand access to quality, affordable home-community-based care, long-term care services under Medicaid, \$180B in technology/advanced computing, climate science innovation and R&D, \$300B in strengthening semiconductor research manufacturing, future pandemic research, and clean energy.
- There has traditionally been an 80%-20% formula on road vs. transit funding. The AJP calls for \$115B on roads/bridges and \$85B for public transit, or a 58%-42% split.

### The Ugly

- **As TRG has reported in previous reports, DOT contacts are very concerned about how the money will be spread among states.** A growing fear among DOTs is that much of the funds allocated to roads & bridges will be awarded by grants, not traditional well-established formula funding. This could lead to a very political process and significant discrepancies on individual state awards.
- The AJP calls for 20,000 miles of highway improvement, the 10 most economically significant bridges, and 10,000 smaller bridges. With over 164,000 total highway miles in the U.S., DOT contacts are very concerned about whose 20,000 miles are going to get funding? If a state has made the tough decision to raise taxes or dedicate funding to bridge work over the past several years, will they miss out on additional bridge dollars to states that have been complacent?

**TRG Opinion** – The President’s speech and introduction of the American Jobs Plan may only be the beginning of a very lengthy (and political) debate in DC and among states on incremental funding and how the dollars are allocated. While there could be much upside for our industry participants, we, and state DOTs, continue to wait for the details.



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