CED Provides Plan to Maximize Historic Federal Infrastructure Investments—and Avoid the Roadblocks

New York, NY, November 28, 2023...Today, the Committee for Economic Development, the public policy center of The Conference Board (CED), issued a new Solutions Brief, Capitalizing on Infrastructure: Priorities for Implementing Historic Federal Investments.

The report—which can be found here and is the latest in CED’s Sustaining Capitalism series—comes at a time when the federal government has committed $2 trillion over the next decade to modernize the nation’s deteriorating infrastructure networks and revitalize its competitiveness in advanced sectors. These investments set the stage for a 21st-century US economy by bolstering supply chains, enhancing productivity, and jumpstarting the green transition.

Yet, the size and scope of the investments also pose the risk of this historically large industrial policy being mismanaged, with consequent economic distortions. Inflation is adversely impacting the buying power of these historic investments, making it even more important that the government at all levels prioritizes key projects, streamlines regulatory procedures, promotes competition, remediates supply chain challenges, and better coordinates to decrease costs and maximize efficiency.

The Solutions Brief provides recommendations for implementing the investments from the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act (CHIPS), and the Inflation Reduction Act (IRA) in a streamlined, cost-efficient, and fiscally sustainable way.

As it emphasizes, the expanse, complexity, and opportunity of these investments will require unprecedented collaboration between private sector leaders and government agencies at all levels. They will need to work hand-in-hand to avoid pitfalls that have hampered past infrastructure upgrades, while adapting to the challenges presented by supply chain issues, labor shortages, and rising inflation.

“These historic investments offer the US the opportunity to take a major step forward in strengthening its infrastructure and manufacturing base,” said Dr. Lori Esposito Murray, President of CED. “But the size and array of federal investments risk addressing too broad a scope simultaneously—a traditional pitfall of industrial policy efforts. Fully realizing the opportunity will require designing these investments to induce additional financing from private partners and extraordinary collaboration among federal officials, business leaders, and local stakeholders.”

**Key Recommendations:**

**Increase federal collaboration with state and local governments, and the private sector**
- Promote state and local leadership’s ability to pursue innovative solutions and convene local stakeholders, applying rigorous cost-benefit analysis, while involving Tribal communities, which hold a special position in government funding.
- Pursue public-private partnerships, including contracting methods to leverage private-sector expertise, deliver the best projects for the lowest cost, and leverage available funding.
- Invest in federal and local agencies’ ability to drive awareness of infrastructure funding opportunities; add resources to staff federal help support desks that assist program participants.
- Consolidate competitive applications where possible, focusing on making the process accessible to local stakeholders in the public and private sectors.
Address regulatory paralysis through modernization and streamlining

- Streamline regulations, including the expansion of complementary regulatory review to expedite implementation, decrease costs, and maximize efficiency.
- Use the One Federal Decision process as encouraged by IIJA, even in areas where not explicitly required by law. For high-impact projects such as power transmission, the decision-making process and the number of authorities with capacity to block projects should be streamlined.
- Reform permitting and swiftly implement National Environmental Policy Act (NEPA) reforms. Agencies should accelerate the establishment of lists of categorical exclusions for projects that do not require extensive environmental review.
- In the longer-term, convene a group of local, state, and federal officials to collaborate with trade unions, along with engineering and construction experts, to propose a set of standardized regulatory requirements that could be adopted by all states to reduce complexity, along the lines of the Uniform Commercial Code.

Address cost and supply chain issues

- Extend the waiver of Buy America provisions for construction inputs that may be delayed or substantially increase cost. Waivers should be reviewed and granted swiftly.
- Federal trade negotiators should allow the US to reduce tariffs on key construction inputs.
- Public and private leaders at all levels should work together to determine how best to direct infrastructure funding toward improving supply chains.
- Project designers should coordinate between types of infrastructure, taking advantage of synergies and addressing potential conflicts early.
- Congressional committees with jurisdiction over infrastructure programs should coordinate.
- Strategically prioritize project areas that need to be addressed because of the risk that inflation and interest rates could drive up project costs and reduce the buying power of investments.

Boost transparency and accessibility for stakeholders

- Federal officials should redesign and promote Build.gov as a one-stop web page that publishes accessible program descriptions; the status of funding and estimated amounts; requirements for application and reporting; and the value added for the American people.
- The federal government should leverage collaborative forums with state and local infrastructure coordinators to educate stakeholders on program availability and requirements.
- States should invest infrastructure funds with state-level oversight with accurate databases that reflect federal funds in use by project.

Bolster the workforce needed to implement projects

- State and local agencies should focus on cultivating in-house expertise on federal grants and project implementation, leveraging former government and private sector experts.
- Public, private, and union leaders should expand training opportunities for skilled-trade workers.
- States should identify and recognize occupational licenses across state lines for key construction and civil engineering occupations for which location has little impact on job qualifications.
- Congress should enact immigration reform to boost the workforce in skilled trades, construction, and engineering.
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