

U.S. Municipal Bond Market

America's Infrastructure GPA: C-, up from D+

- The American Society of Civil Engineers (ASCE) released their 2021 Report Card for America's Infrastructure today and it shows, "For the first time in 20 years, our [ASCE] infrastructure GPA is a C-, up from a D+ in 2017."
- ASCE grades by sector range from B in rail to a D- for transit.
- The reason for the slight increase in overall GPA is due to the improved grades for the aviation, drinking water, energy, inland waterways, and ports sectors since grades were last assigned in 2017. The grades for bridges went down and the first grade for stormwater, a D, was assigned.
- After the \$1.9 trillion relief package currently under consideration is complete, lawmakers should turn their attention to other legislative priorities and infrastructure is likely one they will take up this year. We are watching to see if there will be a bipartisan or partisan infrastructure proposal out of Washington by the end of the year.

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United States Went Big Long Ago, Not Even Average Now

Business and political leaders in the United States have a history of going big where infrastructure is concerned. For the projects that delivered the greatest impact one must examine history quite a few years back. There have been many transformative U.S. infrastructure ventures and discoveries including: the Brooklyn bridge, the Eisenhower Interstate Highway System, electrification, the Erie Canal, the Hoover Dam, and the Transcontinental railroad. This list is not meant to be exhaustive, but to show that transformative projects are one thing, but investing in initials projects and maintaining and expanding infrastructure is another. The regular investment and maintenance are where the U.S. has fallen short. A common view of U.S. infrastructure is that the railroad networks are slow, roads and bridges are crumbling, and the infrastructure gap is too daunting to tackle. There are numerous economic benefits to investing in infrastructure, but there are also costs.

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The 2021 ASCE Infrastructure GPA: C-, up from D+ (in 2017)

Today, the American Society of Civil Engineers (ASCE) released their [2021 Report Card for America's Infrastructure](#) and the results reveal some "incremental progress," but also clearly shows where the country's infrastructure shortcomings remain. "For the first time in 20 years, our [ASCE] infrastructure GPA is a C-, up from a D+ in 2017. This is good news and an indication we're headed in the right direction, but a lot of work remains," ASCE reported today. The grades by sector range from B in rail to a D- for transit. The reason for the slight increase in overall GPA is due to the improved grades for the aviation, drinking water, energy, inland waterways, and ports sectors since grades were last assigned in 2017. The grades for bridges went down and the first grade for stormwater, a D, was assigned.

Policy Choices

President Joe Biden's [\\$1.9 trillion first stage rescue package](#) is still going through the legislative process on its way to, potentially, becoming law. Next out of Washington could be something bigger and bolder that focuses on infrastructure. The [timing is currently uncertain](#), but the expectation is that the White House and Congress tackle infrastructure in a transformative way. House Democrats passed the \$1.5 trillion [Moving Forward Act](#) last summer. It included some municipal-friendly elements. President Biden has presented his [Build Back Better](#) plan. After the \$1.9 trillion relief package is complete, lawmakers could turn their attention to other legislative priorities, and infrastructure is likely one they will take up this year. The path for infrastructure and method to pay for it remain up for debate and will likely continue to play out in the coming months. [Politico's Sam Mintz and Stephanie Beasley](#) present these possibilities: 1) There could be a debt-financed bipartisan approach; or 2) a tax-funded partisan approach driven by the Democrats. We will have to see how the politics play out. The result by the end of this year could be meaningful.

We have said repeatedly in recent years that one of the only ways more infrastructure investment occurs is if more spending is directly allocated toward it. This federal attention toward infrastructure spending could be exactly what is needed to get additional state and local government support as well.

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