

Infrastructure stimulus: top 10 considerations to effectively plan for, receive, deploy, monitor and report on funding

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Historical use of infrastructure stimulus

Since the days of the Great Depression, infrastructure investment has been an impactful lever for federal, state and local governments to pull to stimulate economic recovery.

In addition to the obvious benefit of improving the health and performance of the nation's aging infrastructure – which in and of itself is an enabler for regional mobility and economic growth – infrastructure investment creates sustainable, well-paying jobs and has a multiplier effect benefit to the broader economy. According to the Economic Policy Institute, for every \$100 billion in investment, nearly 1 million jobs are created, stimulating economic demand in the short term and boosting productivity in the long term.¹

The COVID-19 pandemic, which as of May 2020 has resulted in an unemployment rate of approximately 13%,² has already surpassed the 10% peak unemployment rate of the Great Recession.

The acceleration imperative

To accelerate the economic benefit of a potential infrastructure investment package, it is imperative that the funds be deployed both expeditiously and responsibly. Emphasis on “shovel readiness” as a determining criterion for allocation of funds will require program and project owners to rethink the prioritization of projects and initiatives. Perhaps more important, as learned through the experiences of the American Recovery and Reinvestment Act of 2009, recipient organizations themselves need to demonstrate readiness to not only qualify for, receive and rapidly deploy stimulus monies but also adequately report on the usage of funds to maintain compliance with funding requirements.

What can organizations do to best position themselves to receive infrastructure investment and deliver on the desired economic benefits?

Preparing for stimulus

While infrastructure-specific stimulus funding has yet to be formally announced at the federal level, it is advisable that organizations begin to prepare in the event that such an initiative should materialize:

1. Evaluate existing capital programs and plans and develop a prioritized list of potential projects based on expected selection criteria: (a) shovel-ready (i.e., approved design and ready to be tendered), (b) ability to navigate approval processes in a streamlined manner, (c) immediate realization of economic benefits and (d) execution risk
2. Establish a prequalified vendor pool to accelerate the procurement of designers, contractors and project management resources
3. Modify existing procurement policies and controls to allow for streamlined award of contracts while maintaining adequate oversight of bidding and contracting processes (e.g., expanded use of job order contracting, requirements contracts, master service agreements)
4. As applicable, coordinate with labor unions to incorporate Occupational Safety and Health Administration (OSHA) social-distancing requirements into existing project labor agreements
5. Develop a framework for tracking the sources and uses of funds obtained as part of any infrastructure investment initiative with considerations for reporting on (a) job creation, (b) minority and women business enterprise or disadvantaged business enterprise participation and (c) economic impact



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Responding to stimulus

Upon qualification and receipt of infrastructure stimulus funding, emphasis will shift to mobilizing the procurement mechanisms and getting projects awarded and started. While speed to market and cash flow are of paramount importance, it is imperative that organizations learn from past lessons to optimize the delicate balance between delivery and control:

6. Evaluate specific requirements of the resultant funding programs regarding procurement, monitoring and reporting and align governance and control framework accordingly to support compliance and reporting requirements
7. Implement modified procurement framework to streamline contract awards; maintain adequate documentation to demonstrate prudence, competitiveness and compliance with funding requirements
8. To the extent feasible, consider implementation of cash flow mechanisms, such as mobilization fees or prepayments to expedite cash flow to projects; provide effective monitoring and controls over the flow of funds

Monitoring and reporting

Robust monitoring of performance and compliance is critical to both maximizing the economic benefits of the stimulus funding and maintaining the public's trust in the stewardship of federal, state and local government organizations.

9. Require contractors and vendors to provide the requisite data to align with broader funding reporting requirements; establish and implement key performance indicators and metrics to track compliance at all levels
10. Align data and reporting to follow the flow of funds through the process and support compliance monitoring activities to maintain eligibility for future funding

Key takeaway

Adequate preparation by program and project owners can strategically position the organization to maximize funding, accelerate the realization of economic benefits and support compliance with rigorous deployment, monitoring and reporting requirements.

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¹ “The potential macroeconomic benefits from increasing infrastructure investment,” Josh Bivens, 18 July 2017, *Economic Policy Institute*; www.epi.org/publication/the-potential-macroeconomic-benefits-from-increasing-infrastructure-investment; accessed 28 May 2020

² “U.S. Unemployment Rate Fell to 13.3% in May,” Josh Mitchell, 6 June 2020, *The Wall Street Journal*; <https://www.wsj.com/articles/may-jobs-report-coronavirus-2020-11591310177>; accessed 12 June 2020