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Covid Stimulus Offers Trove of Cash for Infrastructure.

Talks over a spending deal are dragging on in Washington. The good news is, the fine print in the latest pandemic relief package already sets up an influx of funds for critical projects.

When it comes to fixing the nation's crumbling roads and sewers, all eyes are on a \$579 billion bipartisan framework brokered by the White House last month. Like most things in Washington, the path forward for that spending bill is riddled with political potholes. The good news for manufacturers, though, is that the U.S. has actually already signed off on a potentially meaningful influx of fresh infrastructure spending through the latest \$1.9 trillion Covid stimulus program passed in March.

The American Rescue Plan — Congress's sixth bout of fiscal stimulus to combat the pandemic by my count — is better known for its \$1,400 stimulus checks and the extension of enhanced unemployment benefits. But the package also includes \$123 billion in K-12 education-related spending and \$350 billion in state and local aid, among other things. The first priority for this money is fighting the virus and its myriad effects on the economy, but infrastructure-related expenditures — such as air-conditioning upgrades and investments in improving the quality of drinking water — are also among the acceptable uses for those two buckets of funds. Because the total appropriations are so large, even a partial contribution to water and education-facility projects could translate into a level of extra infrastructure spending that's comparable or larger than what was included in the 2009 financial crisis bailout, Bank of America Corp. analyst Andrew Obin wrote in an April report.

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Bloomberg Opinion

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