



Statement for the Record

U.S. House of Representatives Committee on Ways & Means Hearing on the Long-Term Financing of the Highway Trust Fund

Wednesday, June 17, 2015

Chairman Ryan, Ranking Member Levin, and Members of the Committee:

On behalf of the American Council of Engineering Companies (ACEC) – the voice of America’s engineering industry – thank you for holding this hearing today on options for providing long-term funding certainty for federal surface transportation programs. There are few more important topics that this committee will address this year, because federal investment in transportation infrastructure plays an essential role in protecting public health and safety, promoting commerce, and keeping America economically competitive.

We were heartened by the action taken by 285 Members of Congress – including 22 members of this committee – earlier this year to write to House leaders on the need to end the cycle of short-term extensions and do the work necessary to enact a sustainable, long-term solution to transportation funding.

As you know, nearly \$63 billion has been transferred into the Highway Trust Fund since 2008 because of the failure to address systemic funding shortfalls with real revenue solutions. Absent congressional action, the balance of the Trust Fund will soon be depleted again, imperiling more state and local projects with continued uncertainty. More than \$1 billion in planned improvements have already been cancelled or delayed because of the uncertainty over future federal contributions, and many more projects are sure to be shelved as this problem persists. These projects will only get more expensive due to the delay.

Engineering is a leading indicator of economic performance, particularly in the building and development sectors. When state and local transportation agencies can’t develop long-term funding programs, our firms can’t hire engineers or make equipment purchases necessary for planning, designing, and delivering those projects. When our firms aren’t working on pre-construction activities, those projects can’t move on to construction, which means fewer construction workers working, fewer machines being built and sold, less economic activity being generated, and ultimately, goods not getting to market and U.S. businesses not being competitive.

According to the ACEC Engineering Business Index quarterly survey of engineering firm CEOs (www.acec.org/publications/engineering-business-index/), nearly one in five respondents (19 percent) expect the transportation on market to worsen over the next year. Only 40 percent anticipate that public

transportation markets will improve. In the Fall 2014 EBI survey, three in four respondents (77 percent) expressed doubt that the U.S. transportation infrastructure will regain its status as a world leader. This disheartening pessimism bodes poorly for the prospects of broader domestic economic growth, and it is firmly rooted in congressional failure to enact sustainable capital investments.

We recognize the need to look for new ways to fund road, bridge, and transit projects because of the long-term challenges posed by the rise in alternative-fueled vehicles and increased fuel efficiency. We have endorsed a range of options, including mileage-based user fees, widespread tolling, new freight charges, and revenues from increased domestic energy production. Numerous blue ribbon commissions have explored these options in depth, and they should all be on the table in your deliberations.

While they all have merit, the reality is that none of these options is a near-term solution for funding a six-year bill.

The simplest and most effective action Congress can take to stabilize the Highway Trust Fund is increasing and indexing federal gas and diesel taxes. These user fees have been the basis of the federal-aid program for decades, but failure to adjust the rates since 1993 has diminished their purchasing power by 40 percent and led to the fiscal crisis of the Trust Fund that we face today. A modest increase in motor fuels charges – a measure endorsed by highway users and the trucking industry representing those paying into the system – is a relatively small price to pay for improving safety, enhancing mobility, and ensuring American competitiveness.

The alternative is to continue on the same path of short-term patches, which is fiscally irresponsible, relying on government borrowing and budget gimmicks.

Continued instability and underinvestment in transportation infrastructure will only hamper economic growth. Deteriorating roads and bridges and worsening congestion have raised the price of doing business through increased maintenance costs, wasted fuel and delayed shipments. Last year, our economy was crippled by \$121 billion in congestion costs, or \$818 per U.S. commuter, and an additional \$230 billion in economic costs from accidents. By contrast, every dollar invested in highway and transit development generates between \$4-8 in economic output.

It is past time for Congress to advance a sustainable, long-term solution to the Highway Trust Fund, beginning with an increase in existing user fees that help pave the way for alternative solutions down the road. Our industry and our economy and our citizens cannot wait for a combination of unrelated tax changes that may or may not materialize later this year. Congress must act now, starting with action in this committee. Predictable and growing revenue sources, particularly user fees, will give state and local agencies the funding certainty they need to plan and deliver infrastructure investments that foster economic growth and enhance our quality of life.

ACEC members – numbering more than 5,000 firms representing more than 500,000 employees throughout the country – are engaged in a wide range of engineering works that propel the nation's economy and enhance and safeguard America's quality of life. The Council and its members stand ready to assist this committee in advancing long-term solutions to the infrastructure crisis facing our country.