The Impact of the New Administration’s Legislative Priorities on the Engineering Community

Mark E. Steiner, P.E.
Senior Policy Director
Administration Priorities

- **Economic Stimulus and Recovery**
  - Infrastructure Investment
  - Job Growth
  - Financial Restructuring
  - Restoring Global Trade

- **Energy and Climate Policy**

- **Health Care**

- **Education Enhancement**

The Engineering Community is Impacted by All
Administration Governance Approaches

- Increased Transparency/Accountability
- Greater Oversight/Government Forces
- Full and Open Competition
- Competitive Procurement
- Fixed-Price Contracts
- Cost-Benefit Analyses
- Distributional Fairness
- Limiting Outsourcing/Inherently Governmental Functions

The Engineering Community is Impacted by All
Pluses and Minuses

Pluses:
- Increased Infrastructure Spending

Minuses:
- Rushed Spending May Limit Design
- Business Restrictions (oversight, taxes, etc.)
- Unionization
- Increased “Insourcing”
**Infrastructure Related Economic Stimulus**

- Disbursed to State and Local Governments by the American Recovery and Reinvestment Act of 2009:
  - $27.5 billion for Roads and Bridges: $8.25 billion suballocated to metropolitan areas by population. States must obligate 50% of the funds within 120 days (localities not constrained) the balance within a year.
  - $1.5 billion for DOT discretionary grants (highways, bridges, transit, rail, ports, and intermodal connectors.
  - $8.4 billion for Transit projects: $6.9 billion for capital projects. States and local agencies must obligate 50% of the funds within 180 days, the balance within two years.
  - $1.3 billion for Aviation.
  - $9.3 billion for Passenger Rail.
Economic Stimulus (cont.)

Disbursed to State and Local Governments:

- $4 billion for Wastewater and $2 billion for Drinking Water; 50% of the funds to be obligated within 1 year, balance within 2 years; also, 50% of the funds must be used for loan forgiveness, negative interest loans, or grants.
- $100 million for “Brownfields” remediation.
- $53.6 billion for Education: ~$7 billion for repair, modernization, or renovation of teaching facilities
- $25 billion in school construction bonds (non-interest bearing)
Economic Stimulus (cont.)

Direct Federal Projects Spending:

- $4.6 billion for the USACE water resources.
- $7.12 billion for DOD repair and modernization (incl. hospitals).
- $1 billion for VA major construction.
- $5.5 billion for GSA federal buildings.
- $2.35 billion for DOI infrastructure (incl. NPS and BuRec).
- $2.14 billion for DHS (incl. airport screening and checkpoints, USCG bridges, broader entry, and HQ building).
Economic Stimulus (cont.)

Direct Federal Projects Spending:

- $19.9 billion for DOE (incl. $6 billion for facilities cleanup, $4.5 billion for electric grid modernization, $3.4 billion for fossil energy R&D, and $6 billion for innovative technology).
- $2.57 billion for DOA (incl. Dept. facilities, Forest Service, NRCS watershed, rural waste, waste water, and community).
- 42.5 billion for community and Indian heath centers (another $10 billion for NCR that can be used).
- $800 million for Superfund and underground storage tanks cleanup.
- $510 million for DOS capital investment and IBWC construction.
**Economic Stimulus (cont.)**

Other Provisions:

- Delayed 3% withholding mandate until 2012.
- Bonus Depreciation.
- 5-year carry back of net operating losses.
- Extension on enhanced small business expensing.
Other Key Infrastructure Priorities

- Timely reauthorization of SAFETEA LU.
- FAA Reauthorization – priorities include funding and expansion of QBS to cover projects funded through Passenger Facility Charges (PFCs).
- Water Infrastructure – priorities include funding and expansion of QBS to cover projects funded through the State Revolving Fund (SRF) programs under the Clean Water Act and Safe Drinking Water Act.
- Funding for clean up of DOE nuclear weapons sites.
- Authorization of dam (Rehabilitation and Repair – HR 1770 & S 732) and levee programs.
- Promoting domestic energy production, energy efficiency, addressing of climate change.
Tax, Regulatory, Legal Issues

- The Qualified Personal Service Corporations Clarification Act, to preserve cash accounting option for A/E firms.
- Broad-based tax reform – increases to personal rates and capital gains, what does it mean for the industry?
- Levee liability – working with the Corps of Engineers and FEMA to address liability concerns.
- Wetlands reform.
- Health care reform and the impact to the A/E industry.
- Contracting out challenges.
2009 Appropriations (Direct and Grants)

- $73B for Military Construction and Veterans Affairs (2/3)
- $59.6B for Transportation Projects; $41.8B Highways, $10.1B Transit, $6.3B Aviation, and $1.6B Rail
- $2.3B Available for Agriculture Facilities, Cleanup, and Utilities
- $4.5B Available for NASA Facilities
- $6.5B for DOE Nuclear Site Cleanup
- $5.4B for USACE Civil Work
- $1.1B for BuRec Projects
- $1.5B for GSA Federal Buildings Work
- $3.3B for EPA Water, Air, and Cleanup Projects
- $1.1B for Foreign Buildings and Security
- $2.5B for Public Housing Capital Fund
- $1.75B for Interior Agencies Projects, Surveys, and Investigations
- $5.4B for School Improvement Funding (Can be Used for Facilities)
- $1B for Justice Facilities/Prisons and HHS/NIST/Other Research Facilities
2010 Budget Outlines

- **Growth with Continued Investment in Education, Healthcare Reform, and Energy Independence as part of Economic Recovery**
- **Not Detailed, but Heavily Focused on Staffs, Programs, and Benefits**
- **Potential Growth in:**
  - Energy Demonstrations, Infrastructure, and Distribution
  - Education Facilities
  - Research Facilities
  - NASA Facilities
- **Specific Funding for:**
  - Healthcare Facilities
  - Clean/Drinking Water State Revolving Funds and Rural Development
  - Water Resources (Floods, Navigation, Aquatic Ecosystems)
  - Public Lands (Parks, Forests, Recreation Areas)
  - Transportation (Highways, Transit, Multimodal, High Speed Rail)
  - Public Housing and Community Development
  - Military Facilities, Housing, and Base Consolidations/Closures
  - Clean ups (Superfund, Brown fields, Nuclear)
  - Greenhouse Gas Emissions Reductions
  - Manufacturing Facilities Revitalization
Challenges

- Potential union-backed effort to restrict the ability of public agencies to partner with engineering firms and other contractors.
- Repeal of the 3% withholding mandate.
- Stopping potential tax increases while protecting favorable tax provisions, such as the new 9% A/E tax deduction.
- Potential new regulatory burdens.
- Passage of any meaningful tort reform, such as ACEC’s Good Samaritan or Unreasonable Liability Mitigation legislation.
- Health care reform and the impact to business: Increasing costs? Additional liability?
- Protecting QBS.