

November 16, 2015

The Honorable James M. Inhofe
205 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Barbara Boxer
112 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Bill Shuster
2268 Rayburn House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Peter A. DeFazio
2134 Rayburn House Office Building
United States House of Representatives
Washington, DC 20515

Dear Senators Inhofe and Boxer, Congressmen Shuster and DeFazio, and Members of Surface Transportation Authorization Conference Committee:

The American Society of Civil Engineers (ASCE) commends the House and Senate for advancing the reauthorization of the federal surface transportation program to a conference committee. With surface transportation programs running on a series of temporary extensions since MAP-21 expired in September 2014, the uncertainty has had a negative impact on the engineering and construction sectors, as well as the overall U.S. economy and the state of the nation's surface transportation system. Therefore, ASCE urges you to reach agreement on a conference report before November 20, when the current extension expires.

Investment Levels

As conferees work to reconcile the House and Senate positions on this critical legislation, ASCE is compelled to emphasize the gains that infrastructure investment can make for the U.S. economy and the nation's surface transportation systems. ASCE's 2013 Report Card for America's Infrastructure graded Roads and Transit at a "D" and Bridges at a "C+." **Therefore, ASCE supports a five-year authorization bill with significant funding increases for road, bridge and transit programs in any final bill.**

ASCE's Failure to Act report identified a total surface transportation funding gap of \$94 billion per year, which means that current funding levels represent less than half of the federal investment required to improve the quality of the system. Should current funding levels persist, then as our Failure to Act economic studies demonstrate, inadequate roads, bridges and transit will cost the average American family \$1,060 per year by 2020. Furthermore, our report concluded that the nation's deteriorating surface transportation infrastructure will cost the American economy more than 876,000 jobs, and suppress the growth of the country's Gross Domestic Product (GDP) by \$897 billion in 2020. The following graphic demonstrates this impact:

ROUGH ROAD AHEAD

THE ECONOMIC IMPACT OF AMERICA'S FAILING TRANSPORTATION INFRASTRUCTURE BY 2020

Families have a LOWER STANDARD OF LIVING.

American families would earn **\$700 less** each year.

+

And spend **\$360 more** each year.

=

Total impact on each family's budget: **\$1,060 per year.**

American businesses and workers PAY A HEAVY PRICE.

America would lose **877,000** jobs.

Another **234,000** jobs exist only if many more workers agree to paycuts.

Between now and 2020 transportation costs **increase \$430B.**

AMERICA LOSES GROUND in the global economy.

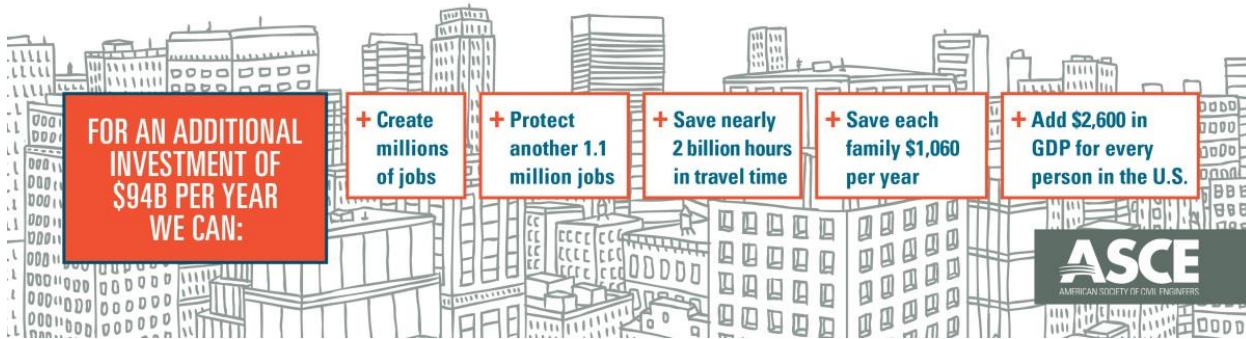
U.S. exports would drop by **\$28 billion.**

+

Exports drop in **79 of 93** different tradable commodities.

=

America's gross domestic product underperforms by **\$897B.**



Innovative Financing

Additionally, while innovative financing must be viewed as a complement to core federal surface transportation investment and not a replacement, ASCE strongly supports maintain an adequate allocation of funds for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. Funding levels provided for TIFIA in the Senate's Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act were significantly reduced to \$300 million annually and this amount was further lowered in the House's Surface Transportation Re-authorization and Reform (STRR) Act of 2015 to only \$200 million annually. **ASCE strongly urges a final conference report to, at a minimum, fund TIFIA at DRIVE Act levels and we urge you to strive to raise TIFIA funding amounts above \$300 million annually.**

Filing the surface transportation infrastructure gap will require both public and private sector resources. Last year, the U.S. House of Representative Committee on Transportation and Infrastructure's bipartisan Panel on Public-Private Partnerships (P3s) cited TIFIA as a critical element of P3 project financing. "The important role that TIFIA and other federal credit programs play in lowering the cost of capital for infrastructure projects makes these projects more feasible for private sector investment," stated the report.

The Federal Highway Administration's Office of Innovative Program Delivery cites that for every dollar in federal funding ten dollars in TIFIA credit assistance can be delivered, and that amount can be leveraged into thirty dollars in overall transportation infrastructure investment. Over its 17-year history, the TIFIA program has leveraged more than \$81 billion in investment. The demand for projects has been steady and growing over the life of the program, as was seen in fiscal year (FY) 2014 when TIFIA closed 13 loans in the aggregate amount of \$7.5 billion, which was a record for the program. Cutting the TIFIA program to dramatically low levels would undercut critical support for P3s in the U.S. and send a negative signal to markets regarding the federal government's commitment to maximizing private sector participation in the development of surface

transportation improvements.

Programmatic Changes

In addition to increasing funding levels and sustaining key federal transportation financing mechanisms, ASCE urges the conference committee to reach final agreement on key policy reforms in the following areas:

- *Freight Mobility:* ASCE has long supported the creation of a dedicated freight program to help ensure federal investments are targeted at improving U.S. economic competitiveness. However we are concerned that the Nationally Significant Freight and Highway Projects Program contained in STRR would flex up to \$500 million away from highway and transit projects for investment in freight rail improvements. ASCE fully supports upgrading all modes of freight infrastructure, but we believe that freight rail projects are best served to be resourced from the General Fund.
- *Innovation:* Innovation is vital to extending the life cycle of infrastructure assets and making our transportation infrastructure more efficient. The DRIVE Act's funding increases allow it to add to the federal research and technology deployment mission of the federal government, rather than increase competition for an already limited amount of technology dollars, as STRR does. Growing the funding pot will allow conferees to support inclusion of the DRIVE Act's Performance and Innovation Grants, the House or Senate's transportation system funding alternatives program, and a focus on deployment regarding vehicle-to-infrastructure technologies. Existing Federal Highway Administration research and deployment programs should not be cut or eliminated in any final conference report.
- *Project Delivery:* Both the DRIVE Act and STRR build on reforms provided in the Moving Ahead for Progress in the 21st Century Act (MAP-21) in areas such as improving system performance and providing strategic outcomes. For example, when it comes to reforms that can help accelerate project delivery, both the House and Senate bills provide language that will better streamline the environmental review process and improve transparency. In particular, provision that mandate concurrent reviews, create a single administrative processing and permitting agency to shorten the approval process, and setting deadline for approvals of infrastructure projects.

Additional policy items that ASCE would like to see in a conference report include:

- Funding increases for the Highway Safety Improvement Program as provided in STRR;
- The DRIVE Act's Assistance for Major Projects grant program;
- STRR's National Surface Transportation and Innovative Finance Bureau;
- Allowing states to bundle multiple, similar bridge projects together in one contact;
- Inclusion of STRR's bridge provision directing the United States Department of Transportation to create a comprehensive strategy within the next year to address "structurally deficient" and "functionally obsolete" bridges; and
- The DRIVE Act's repeal of a ban on combining Water Infrastructure Finance and Innovation Act (WIFIA) loans with tax-exempt financing.

Thank you for your consideration of these views and for your work to produce a robust, bipartisan reauthorization of federal highway and transit programs. ASCE looks forward to continuing to work with you to complete legislative action on final conference report that will increase investment in the nation's road, bridge and transit programs thereby creating jobs and growing the economy in the years ahead.

Sincerely,



Mark W. Woodson, P.E., L.S., D,WRE, F.ASCE
ASCE President 2016
American Society of Civil Engineers (ASCE)

CC: All House & Senate Surface Transportation Authorization Conference Committee Conferees