

## Infrastructure Investment

### Construction Employers of America's (CEA) Position:

CEA advocates for increasing investment in the Nation's infrastructure to levels necessary to ensure that our public buildings, water systems, airports, transit and surface transportation network meet the demands of the 21st Century. We support President Trump's call for a \$1 trillion infrastructure investment package to begin rebuilding our infrastructure. The package should provide a combination of direct federal investment and opportunities to leverage additional public and private funds. We also support enacting policies to allow state departments of transportation, local governments, public transportation providers, and airports to leverage public resources through enhanced innovative financing mechanisms to attract additional private investments for infrastructure projects. Finally, we support efforts to improve the delivery of projects and permit streamlining for infrastructure projects.

#### CEA supports:

- Enactment of an infrastructure package increasing investment in all aspects of the nation's infrastructure;
- Passage of FY 2017 appropriations legislation that honors the highway and public transportation investment levels authorized in the FAST Act;
- Passage of a Federal Aviation Administration (FAA) Reauthorization with increased funds for airport infrastructure facilities, including allowing airports to increase Passenger Facilities Charges (PFCs);
- Identifying sustainable revenue necessary to support the current levels of investment authorized to be spent from the Highway Trust Fund; and
- Enactment of common sense improvements to the project approval and permitting process to provide greater efficiency in the delivery of critical infrastructure projects.

### The Issue:

America's transportation network is essential to the quality of life of communities as well as the productivity of the U.S. economy and its overall global economic competitiveness. Despite the importance of this network, it is well documented that the U.S. is significantly underinvesting in all aspects of its transportation infrastructure. Due to this lack of investment, the nation's infrastructure has fallen from first place in the World Economic Forum's 2005 economic competitiveness ranking to number 11 in its 2017 rankings. The American Society of Civil Engineer's 2017 Report Card for America's Infrastructure gave the condition and performance

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of the nation's infrastructure an overall grade of D+, and an estimated \$2.0 trillion 10-year investment gap to bring all aspects of the nation's infrastructure up to acceptable condition.

While the need for increased investment is well documented, the source for federal capital investment in highways, highway bridges, and public transportation — the Highway Trust Fund (HTF) — and the revenues used to sustain the HTF — the gas tax — have failed to keep pace with the already insufficient investment levels. Since its creation in 1956, the HTF has been receiving user-based revenue from the federal tax and other excises taxes. Unfortunately, in recent years, the HTF has faced severe solvency issues, and over \$132 billion in federal General Funds have been transferred into HTF to maintain the already inadequate funding levels. The constant threat of insolvency and the transfer of General Fund resources into the HTF have eroded the user-based revenue structure that has been a hallmark of these programs.

While "Fixing America's Surface Transportations Act" (FAST Act) provides state and local government officials, as well as the private sector, a degree of certainty, the Congressional Budget Office projects that the HTF will once again run short of revenue to support the authorized investment levels prior to the expiration of the FAST Act. Congress must identify a sustainable, long-term source of revenue to support investments in all forms of infrastructure. The nation is also underinvesting in the airport infrastructure necessary to maintain current airport facilities and modernize the nation's aviation system. The Airports Council International-North America estimates that the nation's airports need almost \$100 billion for capital projects during the next five years. This is about one-half of the amount of capital funding currently available to airport owners through the Airport Improvement Program (AIP), Passenger Facility Charges (PFCs) revenue, and airport generated revenues. The CEA urges Federal policymakers to enact policies to increase airport infrastructure investments and allow local airport authorities to increase their PFCs.

Major aspects of the U.S. energy system are at or beyond their 50-year design life, and much of the power grid in the U.S. operates at full capacity. To provide greater energy efficiency and reliability, addition resources must be invested in aging equipment and capacity bottleneck. While most of these facilities are privately owned, the Federal government should provide incentives to encourage greater investment in energy infrastructure, and to improve the permitting process for the construction of critical infrastructure projects.

In addition to improving the nation's overall economic competitiveness and quality of life, investment in infrastructure represent a significant job creation opportunity across the construction industry. Every \$1 billion invested in nonresidential construction would add \$3.4 billion to gross domestic product (GDP), add \$1.1 billion to personal earnings, and create or

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sustain 28,500 jobs.

Despite the opportunity for job growth, there are concerns that the construction industry is facing potential labor shortages in coming years. Given the critical importance of skilled labor to the success of the construction industry, the CEA contractors have invested heavily in workforce development and apprenticeship training. CEA employers and our labor partners operate over 1,100 apprenticeship training centers nationally and make private investments of over \$1.3 billion annually in workforce training and apprenticeship programs. One recent study noted that there were approximately 19 times more apprentices in union construction apprenticeship programs than in nonunion programs. Federal infrastructure programs should recognize this commitment to workforce development by continuing and strengthening policies to incentivize private investment in the development of a skilled work force.

#### **Key Points:**

To address the nation's transportation infrastructure investment gap, the QCA calls on Federal policymakers to:

- Increase direct Federal investment in surface transportation, water system, public building and aviation infrastructure to ensure the backlog of unmet capital investment needs are addressed and systems and facilities are up-graded to provide the U.S. with 21st Century infrastructure.
- Fully fund infrastructure investment previously authorized by Congress and signed into law.
- No longer use budget gimmicks or one-time infusions of non-user based resources into the HTF, and continue the user-financed system that has provided dedicated revenues to support investments in building and rebuilding the nation's transportation network.
- Include policies to allow the primary owners of the nation's infrastructure facilities to leverage limited public resources through provisions that enhance innovative financing mechanisms and attract additional private investment in all segments of the Nation's infrastructure. Any innovative financing tool must include labor protection.
- The project permitting process should be streamlined to provide greater efficiency in the delivery of critical infrastructure projects.

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**Status:**

The House and Senate are working to finalize Fiscal Year 2017 appropriations legislation. Both the House and Senate version of the FY 2017 Transportation and House and Urban Development Appropriations Act fully fund highway and public transportation programs at the FAST Act authorized levels. If an agreement cannot be reached on the overall appropriations bill, investment levels for these programs would be frozen at the FY 2016 levels – which are nearly \$1.5 billion below the FY 2017 levels.

Regarding the infrastructure proposal, President Trump continues to call for enactment of a significant infrastructure investment package. To date, his Administration has not released details of a proposal. Recently, he stated that his Administration plans to announce a plan as soon as this May. Senate Democrats have proposed the “Blueprint to Rebuild America’s Infrastructure.” The plan calls for \$1 trillion in direct federal investment in all aspects of the nation’s infrastructure; however, it does not specify how the funding for these increased investments would be generated.

The current authorization of the Federal Aviation Administration expires on September 30<sup>th</sup> of this year. Both the House Transportation and Infrastructure Committee and the Senate Commerce Committee have been holding hearings on an FAA authorization. To date, no legislation has been introduced. However, bipartisan legislation -- H.R. 1265, the “Investing in America: Rebuilding America’s Airport Infrastructure Act” -- has been introduced by Rep. DeFazio (D-OR). The legislation would eliminate the cap on PFC airports may collect to invest in its infrastructure.

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