

Statement for the Record of

The American Society of Civil Engineers

on

**“The State of Transportation and Critical Infrastructure: Examining the
Impact of the COVID-19 Pandemic”**

United States Senate

Committee on Commerce, Science, and Transportation

June 3, 2020

Introduction

The American Society of Civil Engineers (ASCE)¹ appreciates the opportunity to submit a statement on the importance of long-term, strategic investment in our nation's infrastructure systems. ASCE is eager to continue to work with the Committee in 2020 and beyond to find ways to further improve our nation's vital surface transportation infrastructure systems and to address the economic impacts felt during the COVID-19 pandemic.

As the pandemic continues to have sweeping economic consequences across all sectors in the United States, many American families and businesses are looking to Congress to provide both short-term relief and long-term economic recovery. While recent Congressional action has addressed some of the immediate economic impacts of the pandemic, many economists believe additional action is needed to ensure the health of the American economy. As Congress develops additional legislation, ASCE urges policymakers to prioritize our nation's infrastructure and get people back to work, using the economic slowdown to make strategic and sorely-needed investments to strengthen the networks that are the foundation of our economy.

Presently, many of our infrastructure assets have reached the end of their design life. Coupled with long underinvestment and inadequate support, a large and growing investment gap of \$1.1 trillion over the next ten years has emerged. This gap must be closed if we hope to both repair and modernize our surface transportation infrastructure systems to be competitive in the 21st century.

ASCE's 2017 Infrastructure Report Card

Infrastructure is the foundation that connects the nation's businesses, communities, and people, serves as the backbone to the U.S. economy, and is vital to the nation's public health and welfare. Every four years, ASCE publishes the *Infrastructure Report Card*, which grades 16 major infrastructure categories using a simple "A" to "F" school report card format. ASCE released its *2017 Infrastructure Report Card*², giving the nation's overall infrastructure a grade of "D+," with an investment gap of \$2 trillion over the next 10 years – and the total investment needed is nearly \$4.6 trillion.

As our infrastructure continues to age, and investments do not keep pace with needs, the gap between identified investments and the public commitments to meet those needs widens every year. Failing to close that gap risks rising costs, falling business productivity, plummeting GDP, lost jobs, and ultimately, reduced disposable income for every American family to the tune of \$9. For these reasons alone, now is the time to invest in our nation's infrastructure. Compounded by the current crisis, infrastructure investments can provide both an immediate and long-term boost

¹ ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 150,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code. www.asce.org.

² <https://www.infrastructurereportcard.org/>

to the struggling American economy, and ensure we remain globally competitive in trade and commerce.

Solutions

ASCE recommends the inclusion of key investments to maintain and modernize our nation's infrastructure, create jobs, support economic growth, and increase the resilience of our systems. ASCE therefore urges Congress to include the following in any further legislation to boost the nation's economy:

Reauthorize surface transportation programs and increase funding to address our project backlogs: ASCE urges Congress to include a multi-year surface transportation reauthorization that addresses the long-term solvency of the Highway Trust Fund and modernizes our roads, bridges, rail, and transit systems. While one-time infusions into our nation's surface transportation program have had varying degrees of success, investment in a multi-year surface transportation program is a guaranteed way to provide both short-term and long-term economic benefits. We applaud the Committee on Environment and Public Works in introducing and passing S. 2302, America's Transportation Infrastructure Act (ATIA) of 2019. This legislation addresses the needs of our ever-changing highway system, and we continue to urge the committees of jurisdiction in both chambers to introduce legislation to ensure we have a comprehensive package that addresses all the challenges in our surface transportation network.

Support relief for state departments of transportation (DOT): While the current surface transportation investment gap remains, under the current crisis state DOTs are unable to generate the revenue needed to prevent major disruptions in their ability to operate and maintain their transportation systems. Under this pandemic, individual state revenues are estimated to be impacted by 45% in the next 18 months. This is a result of expected decline of 50% for state motor fuel taxes, a 67% decline in toll road traffic, and a 77% decline in ferry traffic. Because of this sharp decline, state DOT's ability to provide a match for federal funds will be constrained and further impact available federal financing opportunities. Congress must provide the necessary \$49.95 billion in backstop relief to our state DOTs to ensure capital construction and operation programs continue in a timely fashion, preserving safety and mobility across our nation's transportation systems.

Unlock vital infrastructure financing tools: State and local governments rely on access to the capital market and issuance of tax-exempt municipal bonds to provide for the nation's infrastructure. ASCE supports the tax-exempt status of municipal bonds and reinstating advance refunding as financing tools in any infrastructure investment legislation. Additionally, ASCE supports increasing the cap from \$15 billion to \$20 billion on tax-exempt private activity bonds, which allow state and local governments to issue tax-exempt debt, with approval from the U.S. DOT, for qualified highway or surface freight transfer facilities. These financing tools must be easily accessible in both rural and urban communities, and we support legislation that helps communities better utilize and leverage existing funding and financing opportunities.

Eliminate or increase the cap on the Passenger Facility Charge (PFC): The associated infrastructure of U.S. airports and air traffic control systems is not keeping up with the more than two million passengers they traditionally serve each day. Because of an outdated, federally mandated cap on how much airports can charge passengers for facility expansion and renovation, airports struggle to keep up with investment needs, creating a \$42 billion 10-year funding gap. Raising or eliminating the cap on the PFC will allow airports a much-needed revenue boost and the ability for long-term planning and modernizing of our aviation system.

Build resilience into infrastructure: In addition to anticipating what hazards and conditions roads, bridges, drinking water pipes, wastewater treatment plants, airports, and energy lines must withstand, engineers are also thinking through how technology, population shifts, and other trends will change communities' needs. In summary, an integrated systems approach is needed to tackle resilience. The National Institute of Building Science (NIBS) has found that every \$1 spent through government-funded mitigation grants saves the county \$6 in future disaster-related and recovery costs. Incentivizing lifecycle costs and long-term maintenance also returns dividends; NIBS also reports that every \$1 spent on upfront construction costs and long-term maintenance to bring buildings up to contemporary codes and standards returns \$11 to building owners in the event of a disaster. Making targeted investments in the right manner, using the best available data and industry standards, innovative materials and technologies, and considering lifecycle costs will create benefits for years to come.

Conclusion

Across the nation, our future recovery depends on reliable, modern infrastructure to provide a good quality of life for Americans and to support economic growth. There is a unique opportunity during these challenging times, while traffic is minimal and people stay home, to maintain and modernize these critical assets and jump-start job growth. ASCE looks forward to working with the Committee to address the infrastructure challenges facing our nation during the pandemic and we look forward to working together to help stimulate our economy and ensure public health and safety.