Transportation Infrastructure Investment

Quality Construction Alliance (QCA) Position:

Congress should pass legislation providing comprehensive long-term reauthorizations of Federal surface transportation and aviation programs. QCA advocates for Federal investment in the Nation's transportation infrastructure to ensure that the transportation network meets the demands of the 21st Century. Congress should also enact policies to allow state departments of transportation, local governments, public transportation providers, and airports to leverage limited pubic resources through provisions that enhanced innovative financing mechanisms and attract additional private investment in infrastructure.

Issue:

America's transportation network is essential to the quality of life of communities and 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 14 in its 2013 rankings.

The American Society of Civil Engineer's 2013 Report Card for America's Infrastructure gave the condition and performance of the nation's infrastructure an overall grade of D+, and estimated that $3.6 trillion in investment would be needed to bring all aspects of the nation's infrastructure up to acceptable condition.

For highways, highway bridges and public transportation needs, the American Association of State Highway and Transportation Officials and the American Public Transportation Association, estimate that capital investment necessary by all levels of government just to meet current demands on these systems would have to be increased by $57 .9 billion annually over the next six years.

While the need for increased investment is well documented, the current source for federal capital investment in highways, highway bridges, and public transportation –– the Highway Trust Fund (HTF) –– is once again facing a significant shortfall. Since its creation in 1956, the HTF has been receiving user-based revenue from the federal gas tax and other excises taxes. Unfortunately, in recent years, the HTF has faced severe solvency issues, and over

$50 billion in federal General Funds have been transferred into HTF in order 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. It has also left federal policy-makers lurching from crisis to crisis, enacting funding patches and short-term extensions of surface transportation programs, rather than developing the long-term surface transportation legislation necessary for state DOTs, local governments, and public transit authorities to plan for capital improvements.

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 has estimated that an average of $15.1 billion per year is necessary over the next 5 years to accommodate growth in passenger and cargo activity, rehabilitate existing facilities, and support aircraft innovation. This is significantly more than the amount of capital investment funding currently available to airport owners through the Airport Improvement Program (AIP), Passenger Facility Charges (PFCs) revenue, and airport generated revenues.

Key Points:

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

- Enact multi-year surface transportation and aviation authorization bills prior to the expiration of current programs;

- Significantly increase Federal investment in surface transportation and aviation infrastructure above the current inadequate baseline levels in order to ensure the backlog of unmet capital investment needs are addressed and systems and facilities are upgraded to provide the U.S. with a 21st Century intermodal transportation network;

- No longer use budget gimmicks or one-time infusions of non-user based resources into the HTF;

- Continue the user-financed system, which has provided the dedicated revenues to support investments in build and rebuilding the nation's transportation network; and

Key Points (Continued):

- Include policies to allow the primary owners of the nation's transportation facilities (state departments of transportation, local government, public transportation providers, and airports) to leverage limited pubic resources through provisions that enhanced innovative financing mechanisms and attract additional private investment in infrastructure.

Status:

The current short-term extension of federal surface transportation programs expires on May 31. Federal aviation programs expire on September 30 2015.

At this point, there has been no legislation introduced either extending or reauthorizing current surface transportation or aviation programs. The congressional committees with jurisdiction over these programs have begun developing comprehensive surface transportation and aviation proposals, but no action has been scheduled for advancing these bills.

The status of the HTF is the major impediment to passing long-term surface transportation legislation. The U.S. Department of Transportation is currently projecting that the balance in the Highway Account of the HTF will once again begin to run low, forcing the Federal Highway Administration to slow reimbursement for projects that have been approved and completed as early as this July. The uncertainty caused by stalled reimbursements has forced a number of states to scale back their surface transportation projects just as the construction season begins to ramp up. Without a significant infusion of resources into the HTF, this situation will continue to get worse, with the Congressional Budget Office projecting that in order to maintain the solvency of the HTF to support baseline program investment levels would require nearly $170 billion over the next ten-years.