



AMERICAN COUNCIL OF ENGINEERING COMPANIES

**Testimony of David M. Oates
President
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Before the House Committee on Small Business
July 24, 2008**

Madame Chairwoman and Members of the Committee,

I appreciate the opportunity to testify before you today about the importance of a safe and efficient transportation system to our economy and the role that transportation and infrastructure investments play in promoting economic growth.

My name is David Oates, and I am the President of Oates Associates, a civil and structural engineering firm in the St. Louis metropolitan area. Our firm offers services from concept through construction, including surveys, civil and structural design, and construction administration for state and local highway and bridge projects, municipal utility and drainage projects, and major state institutional construction. Oates Associates currently employs 40 civil and structural engineers and surveyors.

I am also an active member of the American Council of Engineering Companies (ACEC), the voice of America's engineering industry. ACEC's 5,700 member firms employ more than 400,000 engineers, architects, land surveyors, and other professionals, responsible for more than \$400 billion of private and public works annually. I currently serve as chair of ACEC's Transportation Committee, which develops Council positions on legislation and promotes transportation infrastructure issues before Congress, executive agencies and states.

On behalf of myself and ACEC, I urge you to include spending on our nation's transportation and environmental infrastructure as you consider legislation to stimulate the faltering economy. At a minimum, Congress must do something to address the impending shortfall of revenues in the Highway Trust Fund. I recognize that this matter is not within the purview of this committee, but I would be remiss if I failed to remind you that your state highway programs are facing a 34% cut next year unless Congress acts to maintain the guarantees made in SAFETEA-LU in 2005.

But, much more can and should be done beyond a short-term fix to the Highway Trust Fund. Additional spending on infrastructure – from roads and bridges to sewer and drinking water systems – will provide a near-term boost to the economy through job creation and at the same time provide long-term benefits to our economy.

My firm is involved in all manner of public works projects, but my passion and expertise lie in the transportation field, so I will direct the majority of my comments to those matters. Transportation and transportation-related industries account for 10 percent of U.S. Gross Domestic Product, and there is well-documented evidence of the direct correlation between transportation spending and job creation. One commonly cited study found 47,500 jobs associated with \$1 billion in infrastructure spending. My firm, and others in the transportation engineering and construction industry, supports well-paying engineering and construction jobs, the kind of professions that are essential in the increasingly competitive global marketplace. The projected shortfall in the Highway Trust Fund that I referenced earlier could lead to the loss of as many as 380,000 jobs. This is certainly not the direction this economy and this nation need to be taking. We should be putting Americans to work by providing the funding necessary to move transportation maintenance and improvement projects forward.

Additional spending on infrastructure will foster immediate job creation, but it is also important to appreciate the long-term benefits to our national economic competitiveness. Indeed, job creation is a supplemental benefit of the federal surface transportation program, but the primary purpose is the safe and efficient movement of people and goods, which contributes to economic growth by facilitating just-in-time manufacturing and delivery, making personal and business travel easier, and reducing congestion and maintenance costs.

A safe and efficient transportation network is critical to economic growth – it reduces travel time and increases reliability, thus lowering costs and leading to greater economic productivity for businesses and ease of mobility for travelers. As outlined in a 2002 report published by the Transportation Research Board, transportation investment also strengthens local, regional and state economies by energizing city centers and facilitating employment opportunities. One study found that a 10% increase in travel speed leads to a 15-18% increase in the size of the labor market. Transportation improvements also generate additional tax revenue by allowing businesses to expand operations and hire more workers.

Inadequate funding for transportation has led to deterioration, congestion and delays, all of which raise the price of doing business through maintenance and repair needs, wasted fuel and delayed cargo shipments. Last year, our national economy was crippled by nearly \$80 billion in congestion costs. On the safety side, traffic accidents and fatalities, beyond their personal impact, exact a \$230 billion annual toll in economic costs. We must not continue to put lives at risk or diminish our global competitiveness by failing to maintain and improve our transportation network.

According to the National Cooperative Highway Research Program, there is a \$58 billion gap between current expenditures and the cost just to maintain highway and transit performance. To make improvements to the system, that gap grows to \$119 billion. The National Surface Transportation Policy and Revenue Study Commission reports an oft-cited \$225 billion minimum annual investment needed to upgrade our system to a state of good repair and create a more advanced, sustainable system.

The massive quantity of transportation and infrastructure needs are certainly not going to be met in one piece of legislation. But, the American Association of State Highway Transportation

Officials has identified over 3,000 ready-to-go projects that would be sped up through additional, near-term spending. An influx of additional funding would allow state DOTs to move forward with projects that are currently on hold due to uncertainty in funding availability and would free up resources to pursue critical expansion and improvement projects.

In my state, the Department of Transportation has estimated that 20 highway projects at a cost of \$800 million could be built in the next construction season, if additional funding is provided. When factoring in rail, transit, and airport projects, the Illinois list grows to 200 ready-to-go projects in need of about \$2 billion in funding. On the local level, our firm has a number of projects that could be ready to bid in the next few months, just if the Surface Transportation Project budget was increased.

On the environmental side, the need is no less great. Over the next 20 years, America's water and wastewater systems face a funding gap of \$300 to \$500 billion between current annual investments in water infrastructure and the investments that will be needed each year to repair deteriorating water and wastewater systems and meet the mandates of the Clean Water Act and the Safe Drinking Water Act. New solutions are needed to address this gap, as federal contributions to water and wastewater infrastructure have fallen substantially in recent years. For example, funding for the EPA's Clean Water State Revolving Fund (SRF) program – one of the federal government's primary funding programs for water infrastructure projects – has declined steadily over the years from its traditional level of \$1.35 billion. This continuing decline in investment in our nation's water infrastructure further jeopardizes the quality, safety and security of our water. Wastewater treatment plants prevent billions of tons of pollutants from reaching rivers, lakes, and coastlines, protecting human health and benefitting segments of the economy that depend on clean, healthy water resources.

America's water systems contribute to the productivity of the workforce, the quality of the environment, the continuous growth in our GDP, and our standard of living. And like the transportation sector, water infrastructure projects also provide a needed short-term stimulus for job creation. The National Association of Clean Water Agencies, representing over 300 public wastewater treatment agencies, has identified a list of ready-to-go wastewater projects in communities around the country that could benefit from an immediate influx of spending.

By boosting infrastructure spending, you can take an important step toward cleaning up lakes and rivers, bringing quality water into people's homes, fixing structurally deficient bridges, rebuilding crumbling roads and highways, adding capacity to reduce congestion, improving roadways and transit systems to enhance the safe and efficient movement of people and goods around the country. And, the best part is that these are truly investments – we are building structures that will last and will provide added value for years and years. There is both short-term stimulus and long-term gain.

On behalf of ACEC and the nation's engineering industry, I want to thank this committee once again for focusing attention on this important issue. We strongly urge you and the Congress to take up stimulus legislation as soon as possible that includes funding for our nation's highways, bridges, sewers and other areas of critical infrastructure. I would be happy to answer any questions.