



AMERICAN COUNCIL OF ENGINEERING COMPANIES

**Testimony of Roseline Bougher
President & CEO
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**House Committee on Small Business hearing on
“Rebuilding America: Small Business Perspective”
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Madame Chairwoman and Members of the Committee,

I appreciate the opportunity to testify before you today about the importance of federal infrastructure investment to our economy and to promoting economic growth among small businesses.

My name is Roseline Hernandez Bougher, and I am the President & CEO of A.D. Marble, an environmental and engineering firm with 50 employees across four offices in Maryland and Pennsylvania, including our headquarters in King of Prussia just outside Congresswoman Houlihan’s district. I have been with A.D. Marble for almost 22 years, the last 15 years as their President & CEO.

I am also an active member of the American Council of Engineering Companies (ACEC), the business association of the nation’s engineering industry. Founded in 1906, ACEC is a national federation of 52 state and regional organizations representing more than 5,600 engineering firms and 600,000+ engineers, surveyors, architects, and other specialists nationwide. ACEC members drive the design of America’s built environment and transportation, water, and energy infrastructure. Our mission is to strengthen the “engineering economy” for ACEC member firms through government advocacy, political action, and business education. I currently sit on the ACEC of Pennsylvania board of directors and serve as the Secretary in the Executive Committee. Our firm is a member of ACEC/PA and ACEC/MD.

Background on Firm History, Markets, and Clients

A.D. Marble was established in 1985 as a woman-owned business. In 2005, our ownership structure changed and we became an Employee Stock Ownership Plan (ESOP). Our founder was looking for the perfect exit strategy and decided to sell the company to the employees. In addition, the company had exceeded the woman-owned business or disadvantage business enterprise status (DBE) revenue limits. I am proud to say that our company surpassed the DBE transition and survived our latest economic downturn. I credit our people for this success. We are a dedicated, hard-working, and forward-thinking team.

Our firm started as a wetlands firm conducting natural resources studies for transportation projects in Pennsylvania such as the Blue Route Environmental Impact Statement (EIS). Ten years later, we added cultural resources services to provide archaeological and historic structures services to our transportation clients. Six years ago, we added environmental engineering services with a focus on water resources to complete the list of environmental services that our clients typically need. Our biggest client right now is the Pennsylvania Department of Transportation (PennDOT) followed by the Pennsylvania Turnpike Commission. Approximately 85% of our work comes from transportation clients in the states of Pennsylvania, Maryland, and Delaware.

Because most of the contracts advertised by the various Departments of Transportation are given to structural engineering firms, we have two layers of clients that we serve. We team with structural engineering firms to complete the environmental work needed to build the projects advertised by the various DOTs and, on occasion, we have the opportunity to prime environmental open-end agreements directly with the DOTs. Our environmental services focus on the completion of the National Environmental Policy Act (NEPA) clearance work and the environmental permitting process. We like to think of ourselves as a “one-stop shop” for environmental services.

Our two key markets are transportation and water. Our focus is on infrastructure.

The Importance of Federal Infrastructure Investment to Small Business

This is a timely hearing. I believe Congress has a unique opportunity in 2019 to pass major infrastructure legislation to modernize the nation’s transportation, water, energy, and communications systems to enhance U.S. competitiveness in the global marketplace and provide robust contracting opportunities for small businesses like mine. Investing in the nation’s critical infrastructure continues to attract strong, bipartisan support in Congress and continues to be a key part of the President’s domestic agenda.

While I recognize that not all of these issues fall within the legislative jurisdiction of this committee, I want to note ACEC’s infrastructure agenda that includes (a) robust funding for core federal programs, including a long-term fix for the Highway Trust Fund; (b) innovative financing mechanisms to promote Public-Private Partnerships (P3s); and (c) responsible regulatory reforms to facilitate efficient project delivery.

I don’t think anyone can reasonably disagree that our nation’s infrastructure remains severely deficient and underfunded. According to the U.S. DOT, improving the condition and performance of highways and bridges requires \$142 billion annually from all levels of government; we currently invest approximately \$105 billion. For public transit, current investment totals \$17 billion per year, while the cost of preservation and expansion needs is 50% higher. The EPA and the Government Accountability Office (GAO) have documented over \$500 billion in funding shortfalls over the next 20 years for water and wastewater systems. Pipelines and electricity transmission needs total \$30 billion annually over the next 3 to 5 years.

A national infrastructure strategy should put emphasis on investment in existing federal infrastructure programs – such as Federal-Aid highway and transit programs, the Airport and Airway Trust Fund and Passenger Facility Charges for airports, the State Revolving Fund (SRF) programs for water and wastewater, and projects to improve the nation’s ports and waterways, to name a few.

These are important to small businesses because they provide additional resources to state and local governments who are directly responsible for maintaining and improving these systems, and who represent a major market base for firms like mine. Whether it’s a highway widening to accommodate a growing population and ease congestion, or a water utility that needs to update 80-year-old pipes and ensure clean water for the community – these funds are directly invested in physical infrastructure that creates a lasting benefit for the public, improves health and safety, and spurs additional economic activity. It also provides local businesses with direct contracting opportunities, and the flow-down effect helps bolster other local economic activity as well.

Restoring long-term solvency to the Highway Trust Fund should be a particular priority in any infrastructure package. As the members of this committee know, the user fee was last raised in 1993 and has lost 40% of its purchasing power. More than \$140 billion has been transferred into the HTF since 2008 because of the failure to address systemic funding shortfalls with real revenue solutions. We have punted on this issue for far too long. It is past time for Congress to provide new, sustainable revenue for surface transportation programs.

State departments of transportation and local transportation agencies rely on consistent, multi-year federal funding guarantees in order to plan and implement their projects. Without that consistent, dedicated funding, they can only undertake the most basic maintenance and short-term fixes and cannot effectively implement a long-range improvement plan that will unlock business opportunities for small businesses.

As a small business leader and owner, I have seen how challenging the lack of infrastructure funding can be to our industry. A small business does not have the extensive resources that the larger engineering companies have. For example, it is more difficult for my firm to retain employees if there is no work available. Small business firms like ours do not have Research and Development programs or opportunities that can keep employees busy during the slow times. We cannot afford to keep employees that cannot bill to projects even when the lull may be short term. When there is no work, we must make quick and difficult decisions when it comes to personnel. Small businesses depend on a steady stream of infrastructure funding to be able to serve as a sub-contractor to larger engineering firms. This is a problem that affects engineering firms of all sizes, but it’s particularly problematic for the smaller specialty firms like mine that lack the resources and markets that enable larger engineering firms to keep their employees busy.

Promoting Environmental Protection and Improving Project Delivery

Congress should balance the new investment and financing mechanisms with commonsense regulatory reforms to reduce unnecessary project delays while still ensuring environmental

quality. These reforms should include provisions to empower a single lead agency responsible for securing one federal decision, merge sequential and duplicative federal reviews, establish enforceable scheduling checkpoints, and delegate more responsibility where appropriate to state agencies.

My firm has particular expertise in this field, specializing in the environmental clearance process and permitting. Our services include National Environmental Policy Act (NEPA) documentation, Section 4(f) evaluations, wildlife and forest management, landscape architecture, wetlands, ecology, farmland assessments, historic structures, archaeology, public involvement, and agency coordination. We also perform erosion and sediment pollution control, hydrology and hydraulics studies, and stormwater management, and stream and wetland restoration. Our goal is to consistently guide projects through the environmental process effectively, ensuring that the needs of the project are weighed appropriately against current environmental constraints.

I can tell you from direct experience that current regulations can be duplicative and unnecessarily lengthy. Federal rules need to be updated to get projects through the process more efficiently, which actually enhances environmental protection by bringing the benefits of the project to the public faster.

Participating agencies are given ample time to review NEPA supporting documents and these time allowances are routinely exceeded. Without agency approval, the technical support documents and the NEPA document cannot be finalized and the projects suffer delays. In most cases, the reason for the delay in participating agency response is due to lack of staff available to review the documents. Approvals and permit review times are heavily impacted by this step in the NEPA approval process. Although permit reviews are separate from NEPA, they are impacted by the same issue.

As a company who deals with this type of situations on a regular basis, some of the potential solutions we suggest include allocating DOT funded positions for the sole purpose of reviewing DOT project documents, reducing the time allowed for review by the agencies, eliminating duplication and sharing data across multiple agencies, and allow for more concurrent reviews where applicable.

Workforce Development

Let me make one final note on the issue of workforce development. We have a shortage of engineers in this country. According to the most recent quarterly ACEC Engineering Business Index survey of company executives, more than one third (37 percent) pointed to the shortage of engineering talent the greatest threat to their firm's success. Experienced labor is difficult to find, especially as Baby Boomers on the senior staff are retiring at a rapid pace. We are not back-filling that shortage with enough graduates in engineering, and we are all fighting to attract and retain experienced engineers.

Part of our employee recruitment and retention includes offering additional benefits and perks such as unlimited flexible time, paying for 92% of the employee and family medical premiums,

and making contributions to Health Savings Accounts. As a small business, this is an ever-growing financial burden, but we feel it is what we need to do to attract the few engineers that are available. This national workforce challenge doesn't have a silver bullet solution. It involves a multifaceted strategy, including improvements in K-12 STEM education to grow the pipeline of students interested in engineering fields, incentives for engineering students at the collegiate level, as well as worker retraining initiatives and increasing the number of employment-based visas for high-skilled workers.

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 infrastructure legislation as soon as possible that includes funding for our nation's highways, bridges, transit systems, drinking water and wastewater, and other areas of critical infrastructure. I would be happy to answer any questions.