ACEC Indiana recently recognized several individuals for their contributions to the consulting engineering profession—including ACEC Indiana Consulting Engineer of the Year, Public Service Award, and the Sagamore of ACEC Indiana—at its Annual Recognition Luncheon.

Sam Reed, PE, BSA LifeStructures, was recognized as the 2015 Consulting Engineer of the Year. Reed chaired the Vertical Committee the past year and spearheaded the effort to maintain the requirement that the State Building Commissioner be a Registered Professional Engineer or a Licensed Architect.

Reed recognized the strong leadership and direction of BSA LifeStructure legacies Dwight Boyd and Dale Jacobs and thanked all BSA colleagues for their support.

Mayor Greg Ballard received the 2015 Public Service Award for his vision to restore much of the essential infrastructure.

Starting with the Combined Sewer Overflow Consent Decree in 2008, Mayor Ballard and the Indianapolis Department of Public Works confronted one of the City’s greatest challenges—to achieve lasting environmental, economic and community vitality. Then, in 2011, the Mayor and his staff revolutionized responsibility for the water and wastewater utilities for the city through the assumption by Citizens Energy Group to operate the utilities for community benefit and create operating efficiencies that would lower costs. Finally, RebuildIndy restored deteriorating streets, sidewalks and bridges as well as address neighborhood drainage and flooding issues, to make Indianapolis a better city.

At the heart of ACEC Indiana’s strength and impact was Stephanie Morse, Executive Director and recipient of the Sagamore of ACEC Indiana Award.

Morse elevated ACEC Indiana is so many ways from its relationships with government officials and allied organizations, image-building among the business community, and improving the network among all members. But one of her efforts that will leave a lasting legacy is the outreach to the next generation of consulting engineers through the scholarship program she spearheaded. Since its inception, ACEC has raised $220,000 dollars which has been awarded as scholarships to college students studying Engineering in Indiana.

Morse will retire at the end of June 2015 after 22 years of service to ACEC Indiana. She will be invited back to the 2016 Scholarship Golf Outing to help present a $6,000 Scholarship in her name.

ACEC National President Dave Raymond was unable to complete his remarks due to illness. For Raymond’s full comments on the state of the industry and ACEC’s role in shaping success for member firms, click here.
Remarks by David A. Raymond  
President & CEO  
American Council of Engineering Companies  
at ACEC/Indiana Annual Meeting  
Indianapolis, June 10, 2015

Introduction

ACEC’s job is to persevere, regardless of the political headwinds and “do-nothing Congress,” and be as opportunistic as possible to achieve gains for our industry – and we are making headway. We expanded QBS in the WRDA bill; killed off a DOT “cost recovery” effort against member firms; secured procurement reforms in DOD contracts; and we extended key business tax provisions (e.g., R&D credit, and expensing).

We’re hard at work right now against some tough odds to achieve a new long-term, fully-funded highway bill. Last year when everyone thought the severe partisan warfare in Congress would prevent us from getting a MAP-21 extension, we did in fact achieve an eight-month extension that avoided drastic cuts to state DOTs. And today, even though we’re operating on a very short term extension, we’ve gotten a majority of Members of the House to sign a letter stating their support for a long-term bill.

Indiana Political Activism and ACEC/PAC

In all of our efforts, I’ve got to commend ACEC Indiana for its many years of thoughtful deliberation and political activism in support of industry. One of our best national ACEC Chairmen – some 13 years ago – Steve Goddard, came from Indiana and set the course for our political program and PAC fundraising. Reminiscent of the way President Kennedy said we would put a man on the moon in ten years, Goddard said we would increase our national PAC from virtually nothing to $1 million dollars in ten years. Many of our members at that time thought that a moonshot was actually easier to accomplish. But ACEC Indiana set the pace, and today we are nearing the $1 million goal; and in the last two-year election cycle, we contributed over $1.6 million to candidates including $32,000 to Indiana candidates.

This is the 13th consecutive year that ACEC/Indiana has achieved its state PAC goal – and that’s our national record, beating out all other states. In the current year, you are leading the nation in percentage of goal achieved thus far at 173 percent!

Thanks to you and your long-time PAC Champion Phil Beer, ACEC now ranks in the top four percent of PACs nationwide, well above all other design and construction industry PACs. The result is that Members of Congress now routinely visit ACEC, knowing that we are among the significant contributors to their campaigns. We need to get more of our own people active in elective politics.
**Mitch Daniels and Contracting Out**

Looking back over the years, Indiana has given us some tremendous political leaders, such as Mitch Daniels. When he was in the Bush Administration, as head of the Office of Management and Budget, we visited with him on the question of contracting out. I remember his response: “If you can find it in the yellow pages, the government shouldn’t be doing it!” What a great credo!

To achieve more contracting out in all states, we have commissioned a nationwide study to compare the costs of doing work in-house versus the private sector. I’m pleased that Indiana is participating in this study along with many other states.

**PVC Piping**

Another issue that Indiana has sensitized us to involves the efforts of PVC manufacturers to mandate the use of their material for water and transportation projects. I want to thank everyone in this organization who has worked so hard to make sure that engineers, not politicians, are making the decisions on what kind of piping is best for our projects.

**Highway Funding**

Turning again to highway funding, it used to be that passing bills for roads and bridges was the easiest thing to do on Capitol Hill. Today, however, in an era of “no earmarks,” “no tax pledges,” and “leave it all to the private sector,” one of the hardest things to do in Congress is pass a roads bill.

Sen. James Inhofe, one of the staunchest conservatives, is collaborating with the very liberal Barbara Boxer of California on a multi-year bill that would at least contain an inflationary increase. By the way, Boxer and Inhofe are truly the “odd couple.” Absolutely the only thing they agree on is infrastructure funding.

For those of you who have recently been in touch with your legislators on transportation funding, you have heard them say that they all agree that transportation is important, but they can’t agree on how to fund it. Or to turn it around, the only remedy that most of them won’t agree to is raising the gas tax. It hasn’t been raised since 1993, 22 years ago. Since then, it has lost 40 percent of its purchasing power.

As an alternative to the gas tax, they offer up a wide range of proposals – all of which we support – including repatriation of foreign income, fees on oil drilling, re-arrangement of the U.S. tax code, and so on. But again, the simplest, most obvious, fairest and best solution, is really the gas tax; and then just a little further in the future, when gas-fueled vehicles will not be as prevalent, we’ll need to transition to a VMT, or vehicle miles travelled, system.

So, what’s going to happen? Winston Churchill once said: “Americans always do the right thing, after they’ve exhausted all the other options.” That’s our hope!
It’s of course not just about highways and bridges, but water, and pipelines and telecom, and aviation. On the aviation front, Congress is set to reauthorize FAA programs, and we are lobbying to lift the cap on Passenger Facility Charges (PFCs) to allow much-needed additional revenue to fund both terminal and airfield projects.

**Comprehensive Tax Reform**

Another big item on our agenda is comprehensive tax reform. The last time we had tax reform was 1986 with President Reagan. It was a key priority of his. He worked closely for three years with the Chairmen of the House and Senate tax-writing committees – both a Democrat and a Republican – to lower individual rates and eliminate many real estate tax shelters.

Today we have a very different situation. The President is primarily focused on corporate tax reform, concerned about reincorporation overseas to avoid domestic taxes. On the other hand, the Chairmen of the tax-writing committees, Paul Ryan in the House, and Orrin Hatch in the Senate, want to reduce both corporate and individual rates. And the three of them certainly don’t have the same type of relationship that Reagan had.

This situation looks completely unworkable. However, we cannot discount that there is substantial interest among both Republicans and Democrats in using tax reform, especially the repatriation of foreign earnings, as a means of funding a long-term highway bill. Who would have thought that highway funding could help propel comprehensive tax reform or vice versa?

ACEC is therefore working closely with the tax-writing committees in both Houses in examining various approaches. We also want to make sure that tax reform is even-handed in its treatment of C-corporations, S-Corps and other pass-through entities, as three quarters of our members are pass-throughs.

**State of the Industry and Market Looking Forward**

The A/E industry went through a rough spell a few years ago, but now we seem to be back on solid ground. Our index of CEO sentiment, the Engineering Business Index (EBI), has been very positive for several quarters. Our most recent quarterly results show that over the next two years business may be peaking and levelling off in terms of volume of work, but that profits will continue to increase.

Another interesting fact about our industry is how much of it is on the private sector side, and how this is continuing to increase. Sixty-five percent or more of all engineering business is with private clients. And that doesn’t include the public projects that have private investment (the so-called P3s). While most work, certainly most of the public work, will be undertaken in the traditional Design-Bid-Build mode, there is no question that design-build and P3s will continue to have increased market share.
I believe our industry, which has always confronted market challenges and changes in business practices, faces a very bright future as demand for engineering services will increase across a wide range of market sectors and delivery methods.

It is an interesting but little known fact that ACEC member firms generally do better than non-member firms. In fact, the 300 ACEC member firms on the ENR 500 have grown over 15 percent in revenue since 2012, while the 200 non-member firms have declined in revenue by 25 percent. ACEC member firms seem to be better informed and more nimble in adapting to market changes and growing competition.

ACEC – The Future

In conclusion, our ACEC Association at the National and State level is constantly looking for new ways to help our member firms become successful. That’s why we offer the most highly-rated business seminars, contract documents, and other business tools to enhance profitability and reduce risk.

So it’s no surprise that today many thousands of engineering companies are members of ACEC, representing an employee base of more than 600,000 individuals.

If the founders of ACEC in 1909 (then called the American Institute for Consulting Engineers) – the 12 individuals who met in a tenement house in New York City – had any idea what their organization would look like a hundred years in the future, it didn’t show up in the minutes of that first meeting. It truly would have astounded them and exceeded their wildest expectations!

So, thank you ACEC Indiana for all you have done to make us the premier organization we are today. Thank you.