ACEC/NC part of Steering Committee for NC Chamber’s “Can’t Afford to Stop” Campaign to Secure our Transportation Future

North Carolina’s transportation funding challenges have never been more pressing, and as a business community, we must act now if we hope to secure positive transportation outcomes during the short session. The NC Chamber recognizes the need to find immediate solutions for funding critical transportation projects across our state — and we’re reactivating our NC Can’t Afford to Stop Coalition to make sure that we do. Learn more. We urge you to join this broad-based industry effort and help everyone who relies on a strong and vibrant transportation network.

DOT AUDIT
Danielle Battaglia, THE INSIDER, 5/28/20

State Auditor Beth Wood commended N.C. Department of Transportation officials Wednesday for their response to her audit that found that they overspent $743 million in 2019, but the agency’s leaders faced critical questions from senators. “I wish all agencies responded to my performance reviews as well as you have,” Wood said. DOT Secretary Eric Boyette and Board of Transportation Chairman Michael Fox spoke about the audit findings before the Senate Transportation Committee Wednesday. Both Boyette and Fox said they agreed with the findings, and Boyette said the board was already working on solutions prior to the audit. One of Boyette’s first responses to the audit was to create a financial oversight director position. He said he also took a data dashboard already used at the department and had it drill further down into the spending plans of the department and all 14 divisions around the state. Boyette said one issue the department is facing is that it has 25 auditor positions, but only 14 are filled. All 14 are internal auditors, but there are no performance auditors. Boyette said auditor positions have been difficult to fill in various state departments. Wood said she did notice one thing was missing from their presentation: “Accurate and reliable forecasting. “One of the audit’s findings was that for the past decade, the department budgeted $50 million for disaster relief. But the actual costs ranged up to $200 million. “We were hit with a slew of disasters in 2018,” Fox said, citing both Hurricane Michael and Hurricane Florence. But he added that what doesn’t make statewide news is that when the hurricanes leave, DOT is still dealing with snowstorms and rockslides damaging mountain roadways. Fox said DOT also took a large financial hit when a judge ruled that the Map Act, which let DOT reserve land for roadways without actually buying it, was unconstitutional. The News & Observer previously reported that with half of the cases settled last summer, DOT already owed $290 million. Earlier in the presentation, Fox had told the committee that DOT officials did recognize the spending problem in 2018 and began working to correct it. Sen. Danny Britt, R-Robeson, asked Fox if there was any proof of that and if so, why it didn’t come out in the audit. “It may have been outside the scope of her audit,” Fox said. “She only had a snapshot of time. “Sen. Warren Daniel, R-Burke, said he was concerned about the amount of money the agency overspent and said that he felt DOT was trying to blame hurricanes and other natural disasters. “$75,000 is a problem, $75 million is a scandal but $750 million is a federal government number,” Daniel said. He added that he was “baffled” that DOT continually budgeted for disasters at $50 million. One senator asked what the 2020 budget allocated for disaster response and was told that budget wasn’t done yet. Sen. Bill Rabon, R-
Brunswick, said he believes that DOT should have a cap for what they can pull out of the general maintenance reserve, and then take any additional funding from the rainy day fund. Sen. Erica Smith, D-Northampton, said she didn’t want to see employees furloughed, laid off or harmed because of what their bosses did. Smith’s comments came less than two weeks after DOT announced thousands of employees would be furloughed to cut costs. Boyette said that the executives and leadership were furloughed first and employees would begin their furloughs on Saturday. “We were going to start with ourselves and work the way down,” Boyette said. “We’ve pulled every level to make sure it didn’t hit the staff.” Both Fox and Boyette promised to bring back further details to the committee.

House approves the Paycheck Protection Program Flexibility Act (HR 7010)
by a vote of 417-1

Earlier today, the House approved the Paycheck Protection Program Flexibility Act (HR 7010) by a vote of 417-1. The legislation would:

- Give loan recipients the option of using their original 8-week loan forgiveness period, or 24 weeks
  - Modify the 75/25 ratio for payroll/non-payroll expenses to 60/40
  - Extend the maturity for new PPP loans from 2 to 5 years
  - Extend the rehiring deadline
  - Allow PPP loan recipients to take advantage of payroll tax deferral

Attached is ACEC’s letter of support for the legislation, in which we also raised our concerns about the IRS ruling that expenses covered by loan forgiveness are not tax deductible, as well as issues related to overhead.

The strong vote in favor of HR 7010 suggests that it could move quickly in the Senate.

James A. Smith, Jr., PE, Executive Director
American Council of Engineering Companies of North Carolina
Wells Fargo Capitol Center
150 Fayetteville Street, Suite 1340
Raleigh, North Carolina 27601
919-781-7934 phone
919-830-9631 mobile
www.acecnc.org

Connect with us: | Twitter | LinkedIn | Facebook