

# Federal Highway Funding...

## ...It's Your Job!

A Special Presentation for the  
**NCAUPG Conference**

Prepared by:

Jay Hansen

Vice President – Government Affairs

North Central Asphalt User/Producer Group



# Asphalt Mix Market

- ◆ How big is the highway market for the asphalt industry?
  - 65%
- ◆ What is the Federal share of the asphalt highway market?
  - 44%

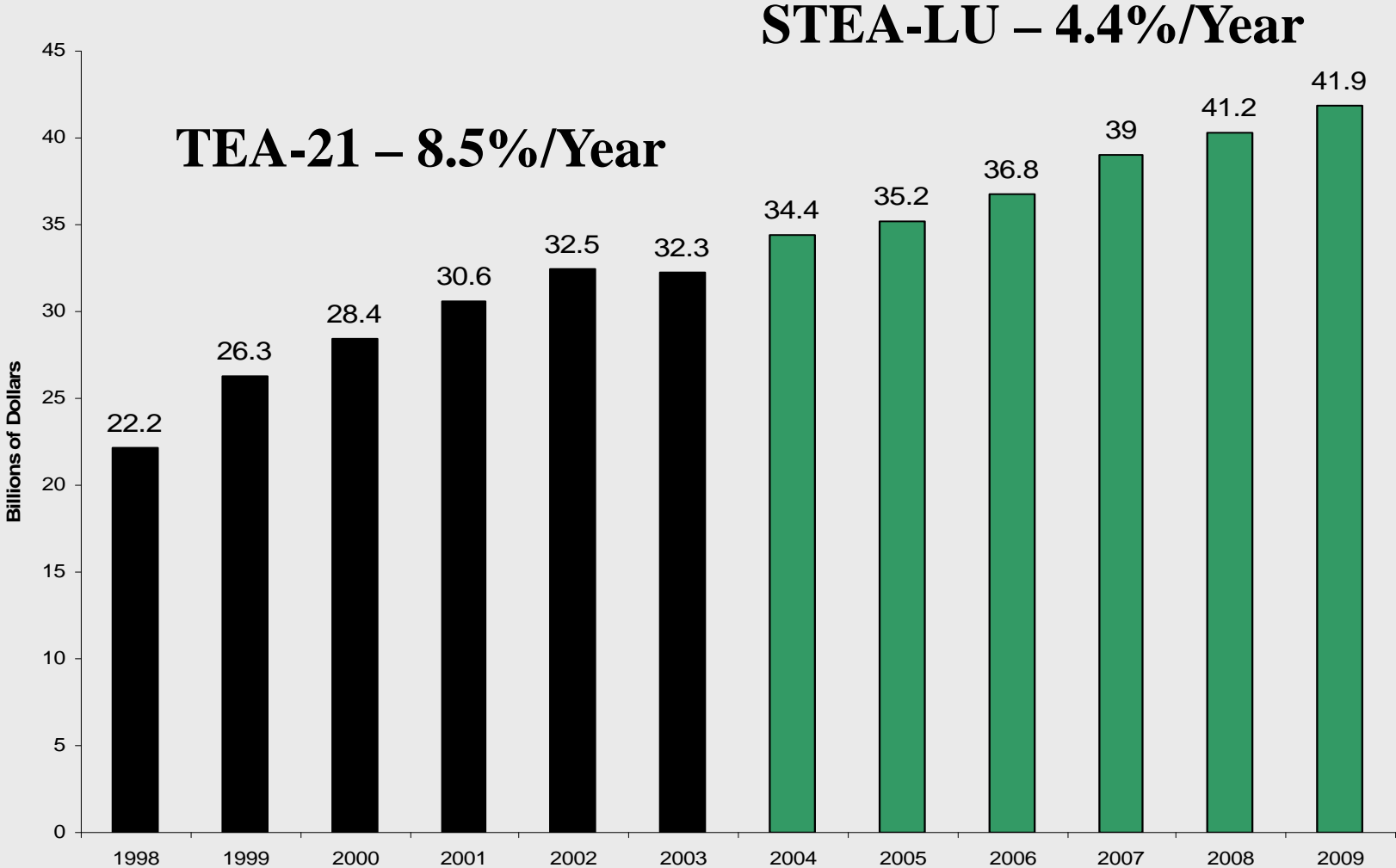


# Highway Program

- ◆ Total highway capital spending = \$70b
  - Federal funding  $\pm$  44%
- ◆ System rehabilitation  $\geq$  50%
- ◆ Important market for HMA industry
- ◆ Drives S/L spending

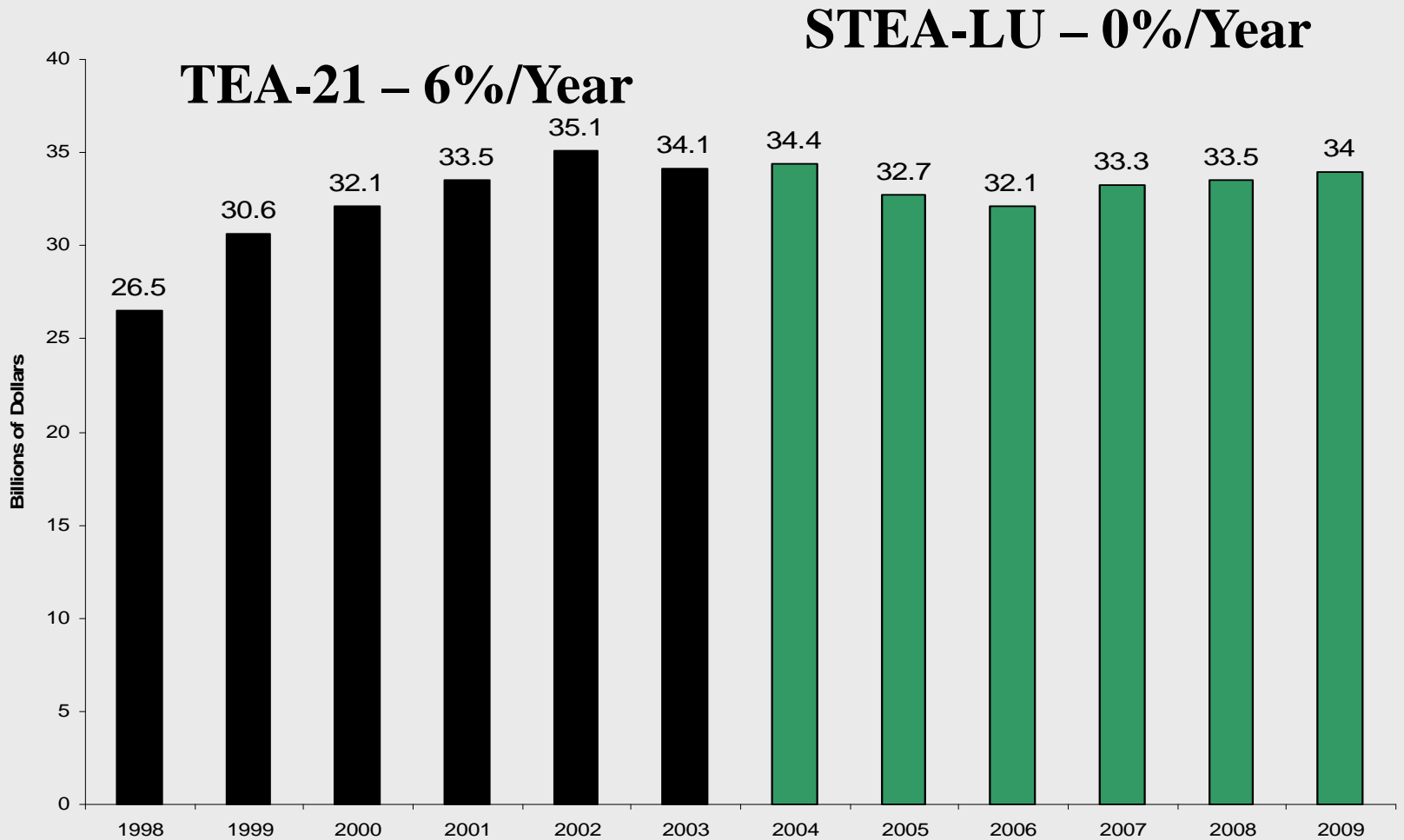


# Funding for Highways Under TEA-21 & SAFTEA-LU



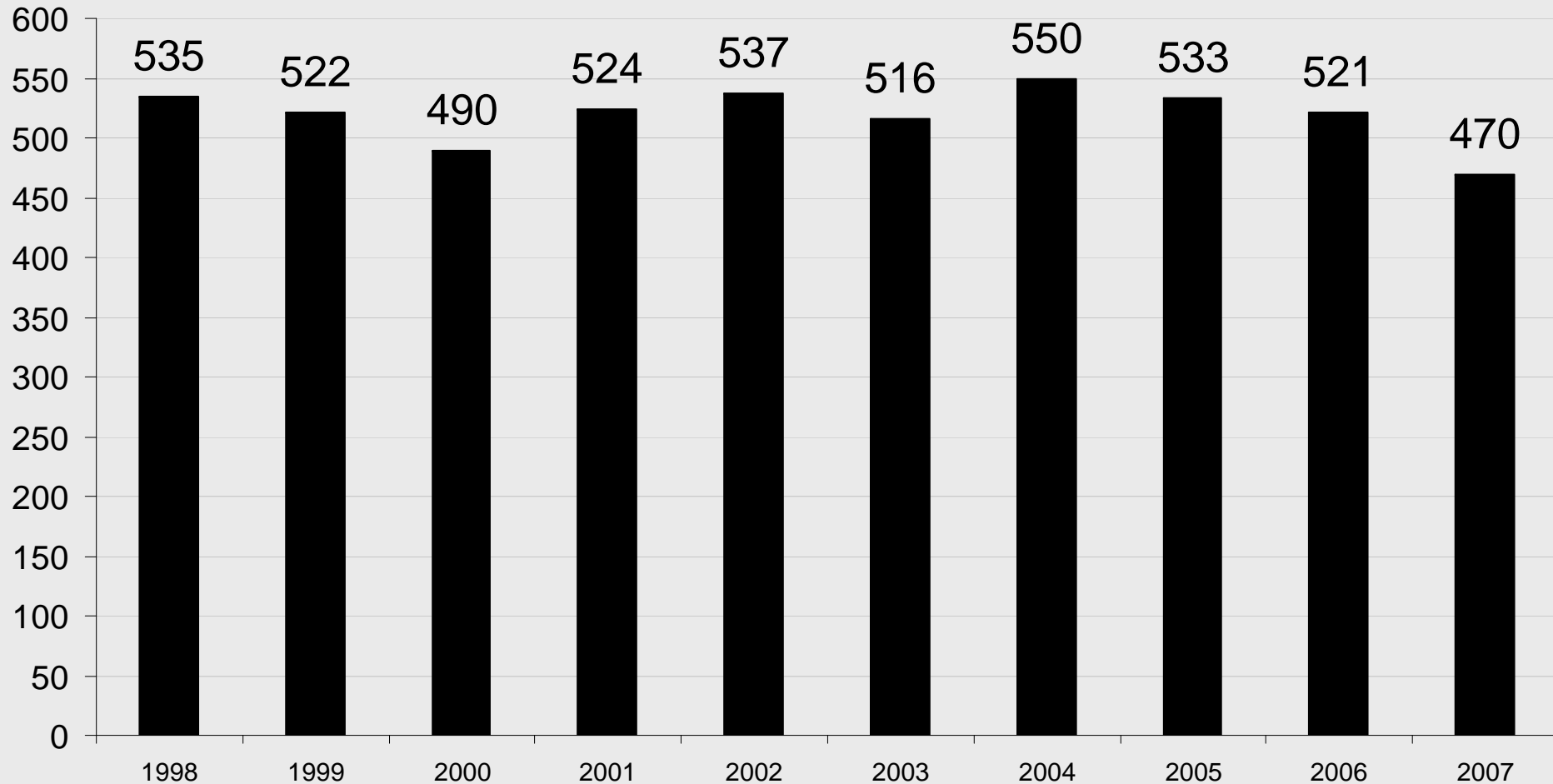


# Funding After Effects of Highway Cost Inflation



# HMA Tons Produced in US

## Million Tons



# 2008 Elections



	<u>Dem's</u>	<u>GOP</u>	<u>Pickups</u>
<b>Senate</b>	58	41	+7
<b>House</b>	258	177	+20

- 9 New Senators
- 50 new Rep's.
- New Administration
- Need to Educate



# Short Term Market Issues

- ◆ Economic Stimulus
- ◆ FY 2009 Appropriations
- ◆ FAA Reauthorization Bill



# Economic Stimulus

- ◆ About \$30 billion for Highways.
- ◆ 1/2 must be committed within 90 days.
- ◆ 55% to DOT's/45% to Local Gov't.
- ◆ \$564 million for Wisconsin.





# QUICK START TRANSPORTATION PROJECTS CAN HELP JUMP START THE ECONOMY



**NATIONAL**  
NAPA Building •  
Toll Free:

November 13, 2008

The Honorable Barack O  
President-elect  
United States Senate  
Washington, DC 20510

Dear President-elect Barr

As President of the Natio  
express our whole-hearte  
ready to work with you a  
period of great economic



**Transportation infrastructure investment should be a core component of an economic stimulus plan to get America back on track.** It will quickly create jobs in the hard hit construction, materials and equipment manufacturing sectors.

**Communities all across America have quick start, deferred safety and mobility projects just awaiting funding.** Road, bridge and airport runway resurfacing... bridge inspections, repair and maintenance... intersection improvements... rail and transit infrastructure maintenance and

upgrading... and safety investments in lighting, signage and guide ways.

**Let's also create jobs—now—by providing funds to accelerate the planning and design of larger-scale transportation projects.**

**And here's the real good news.** Unlike some other, transitory, stimulus initiatives, transportation capital investments create tangible assets that will continue to provide public benefits and facilitate American economic activities for years to come.

## We're Ready to Go!

### TRANSPORTATION CONSTRUCTION COALITION

American Road & Transportation Builders Association • Associated General Contractors of America • American Coal Ash Association  
American Concrete Pavement Association • American Concrete Pipe Association • American Council of Engineering Companies  
American Society of Civil Engineers • American Subcontractors Association • American Traffic Safety Services Association  
Asphalt Emulsion Manufacturers Association • Asphalt Recycling & Reclaiming Association • Associated Equipment Distributors  
Association of Equipment Manufacturers • International Slurry Surfacing Association  
International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers • International Union of Operating Engineers  
Laborers-Employers Cooperation and Education Trust • Laborers' International Union of North America, AFL-CIO  
National Asphalt Pavement Association • National Association of Surety Bond Producers • National Lime Association  
National Ready Mixed Concrete Association • National Stone, Sand and Gravel Association • National Utility Contractors Association  
Portland Cement Association • Precast/Prestressed Concrete Institute • The Road Information Program  
United Brotherhood of Carpenters and Joiners of America

[www.transportationconstructioncoalition.org](http://www.transportationconstructioncoalition.org)

**NAPA**  
  
NATIONAL ASPHALT  
PAVEMENT ASSOCIATION



**ATION**  
706-4407  
21

**OR AMERICA**

structure stimulus  
in.

off of private sector  
and projects

"Congress shall  
make no law ...  
abridging ... the  
right of the people ...  
to petition the  
Government for a  
redress of grievances."

# ROLL CALL Vested Interests

The lobbying  
and legislation  
that drives  
Capitol Hill

WEDNESDAY, FEBRUARY 4, 2009

PAGE 9



Douglas Graham/Roll Call

Concrete proponents point to their product's durability compared to asphalt. Lobbyists for both materials are battling it out for a place in the stimulus package.

## Asphalt Faces a Concrete Challenge

By **Matthew Murray**  
ROLL CALL STAFF

**O**n House Transportation and Infrastructure Committee staffer Jim Berard's daily trip from the Annapolis, Md., area to Capitol Hill, the road turns from asphalt to concrete as he approaches the District.

Berard doesn't know why. It could be the weather, the number of cars that travel on the road or any number of considerations that officials make when choosing how to build a road.

But one thing's for sure: With billions and billions of dollars worth of infrastructure projects at stake in the ongoing stimulus battle, asphalt and concrete lobbyists are now trying to convince federal lawmakers that their product is best for the task.

See CONCRETE, page 12



# FY 2009 Appropriations

- ◆ Impacts summer construction
- ◆ CR ends March 6.
- ◆ WI Highway Funding
  - 2008 = \$620 million
  - 2009 = \$668 million
    - ◆ An increase of \$48 million
- ◆ Expect Grassroots!

110TH CONGRESS  
1ST SESSION

Calendar No. 272  
**S. 1789**

[Report No. 110-131]

Making appropriations for the Departments of Transportation and Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2008, and for other purposes.

IN THE SENATE

Mrs. MURRAY, from  
original bill;

Making appropriations for the Departments of Transportation and Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2008, and for other purposes.

1 *Be it enacted*  
2 *by the Senate and House of Representatives*  
3 *of the United States of America in Congress assembled,*  
4 *That the following sums are appropriated, out of any*  
5 *money in the Treasury not otherwise appropriated, for the*  
6 *Departments of Transportation and Housing and Urban*  
*Development, and Related Agencies for the fiscal year*

II

Calendar No. 272

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IN THE SENATE OF THE UNITED STATES

JULY 16, 2007

Mrs. MURRAY, from the Committee on Appropriations, reported the following original bill; which was read twice and placed on the calendar

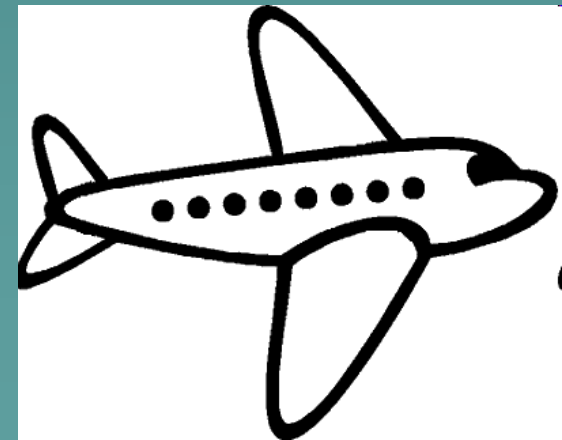
## A BILL

Making appropriations for the Departments of Transportation and Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2008, and for other purposes.

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# FAA Reauthorization Bill

- ◆ \$2b pavement market from AIP.
- ◆ Temporary extension expires 3/31.
- ◆ Bill increases pavement market by \$1b over 4 years.
- ◆ Reauthorizes Asphalt Airfield Pavement Research Program.
- ◆ Price Adjustment Clauses?
- ◆ Outlook: ?



# Medium Term Market Issues

- ◆ FY 2010 Appropriations
- ◆ Highway Trust Fund Rescue
- ◆ SAFETEA-LU Rescission

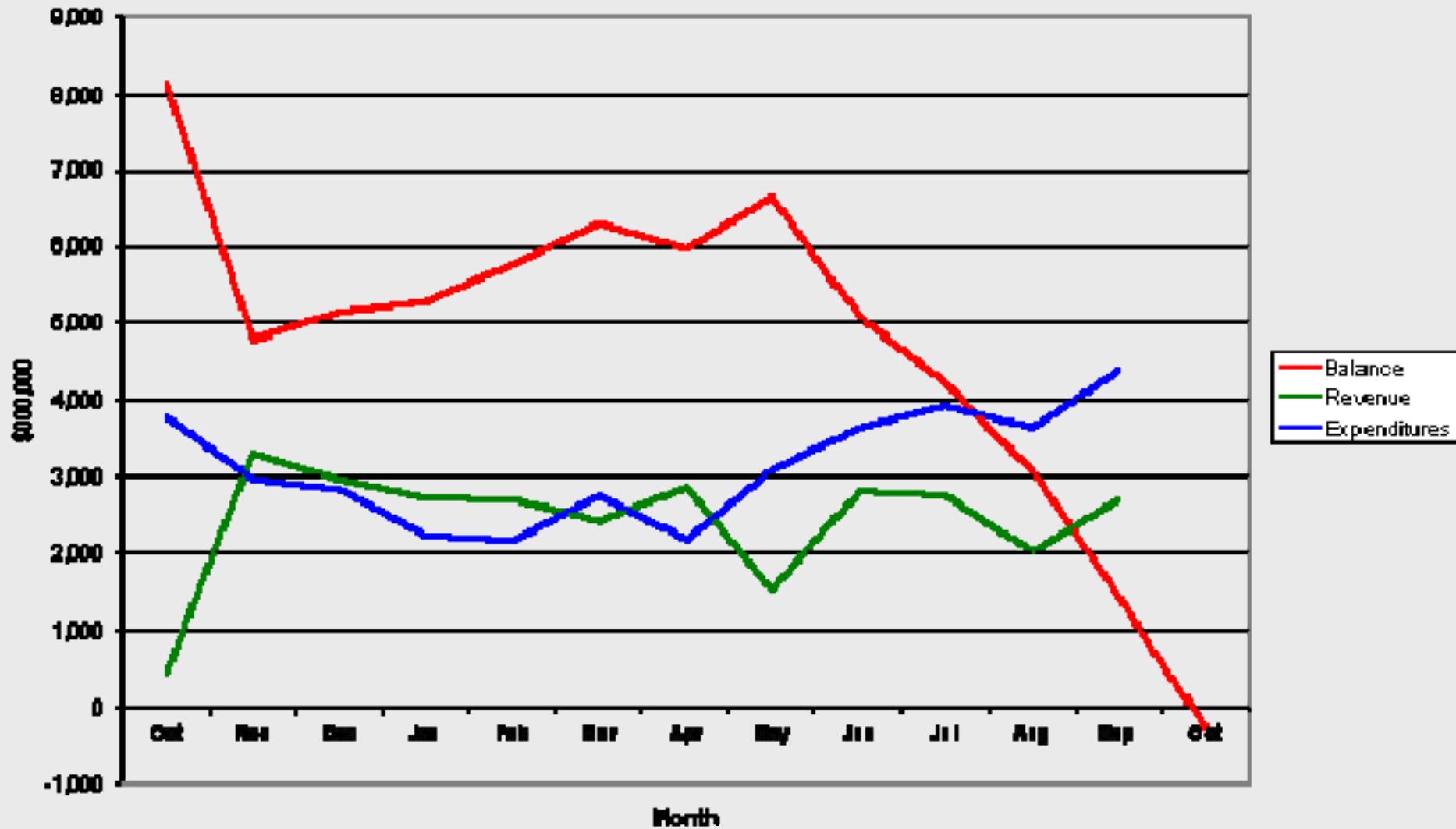


# FY 2010 Appropriations

- ◆ President's Budget due February 2. **NOT!**
- ◆ FY 2010 Budget Resolution mid-March.
  - ◆ Funding highways in 2010?
  - ◆ What to do with Bush tax cuts?
  - ◆ Shrink the \$1 trillion deficit?
  - ◆ Budget for Iraq and Afghanistan wars/pullout?
  - ◆ Budget health care reform, climate change?
- ◆ Ends with FY 2010 Transportation/HUD Appropriations Bill by September 30.

# Highway Trust Fund Shortfall

Sept. 5<sup>th</sup> Estimate



# Highway Trust Fund Forecast

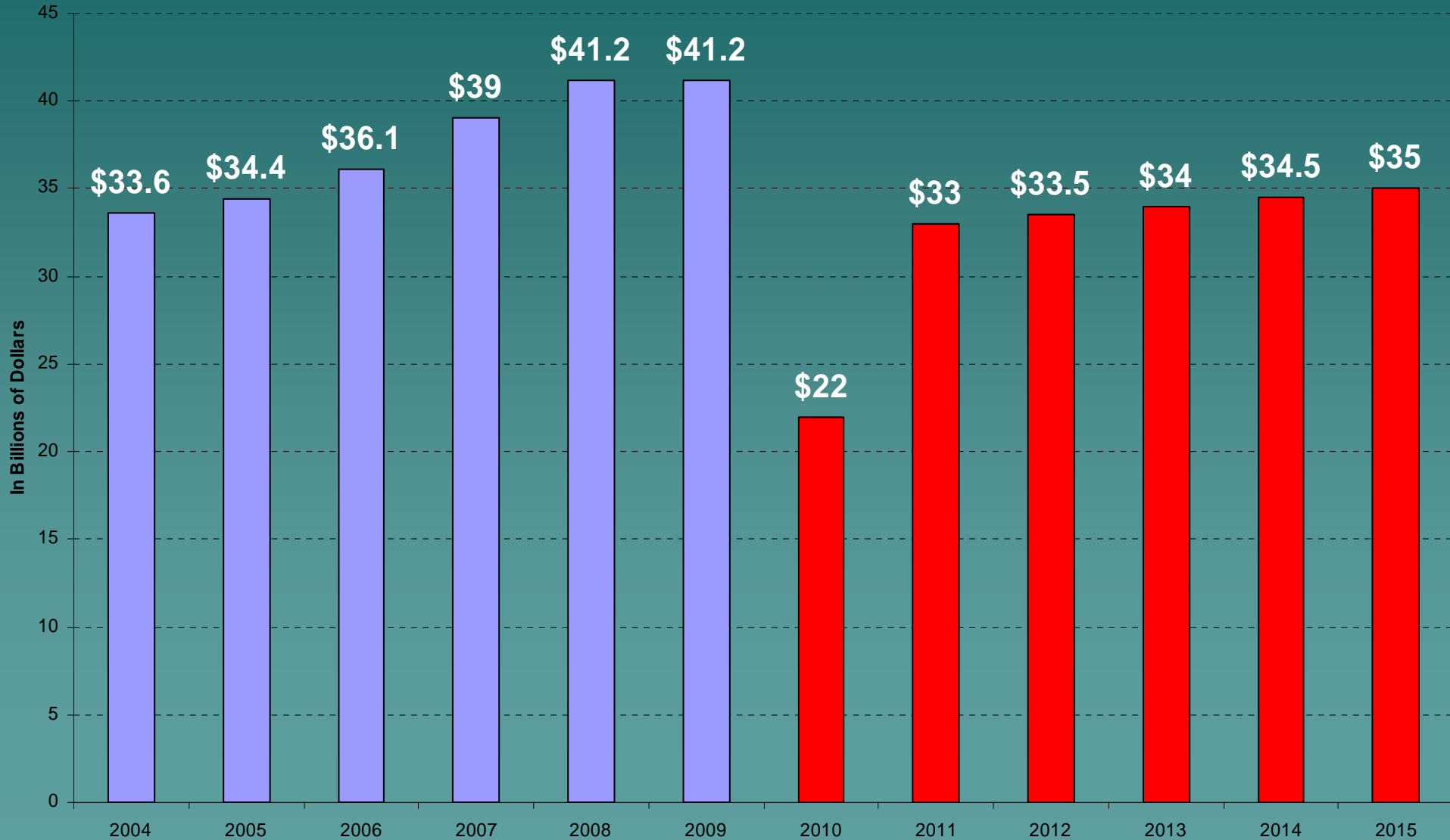
## PROJECTED HIGHWAY TRUST FUND BALANCES\*



\*Assumes no change in revenues or program spending levels.

- ◆ \$8 billion rescue was from the general fund.
- ◆ Balance at end of Dec. = \$4.7 billion
- ◆ Another rescue needed.
- ◆ What does this mean for "user fee" funded highway system?

# Highway Funding – No New Revenues





# SAFETEA-LU Rescission

- ◆ SAFETEA-LU requires:
  - \$8.5 billion rescission of highway contract authority on Sep. 30.
  - Good political compromise.
  - Bad economic timing.
  - States planning for program reduction.
- ◆ Federal-aid highway funding in FY 2010 very problematic.
- ◆ TCC Fly-In May 19-20.



# Highway Reauthorization

2010	2011	2012	2013	2014	2015
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Funding  
Levels

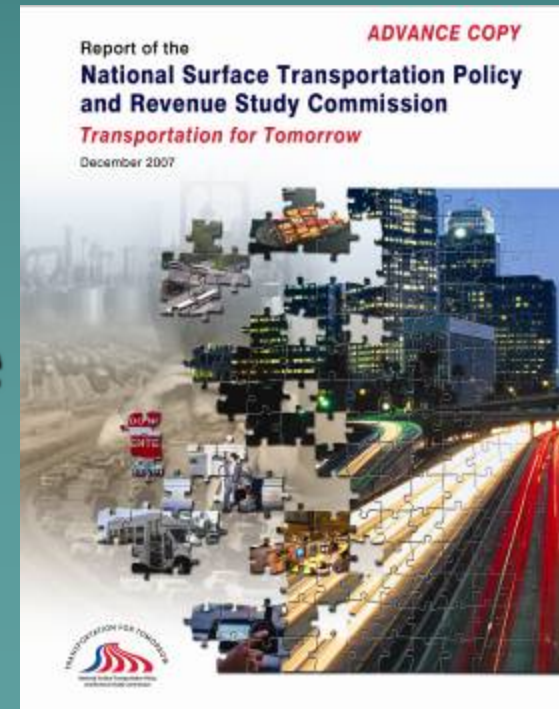
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HMA  
Market  
Outlook

# Annual Investment Requirements Highways & Bridges

- ◆ Strong Federal Role
- ◆ Today = \$70 billion
- ◆ Maintain = \$185 billion
- ◆ Improve = \$276 billion
- ◆ Increase Funding (All of the Above)
  - 25 to 40 cent fuel tax increase
  - Indexing
  - Tolling, Bonding, PPP's, etc...



# Devolution Lite

- ◆ Stop sending funds to states
- ◆ Need to properly align supply and demand through pricing
- ◆ Let states figure it out
- ◆ Oppose higher fuel tax fees
- ◆ Private Sector/Wall Street has capital

# What is at stake?

- ◆ *Federal policymakers are seriously debating whether to pull the federal share of its investment out of the highway market!*

# “Turn-Back” Impact on Wisconsin

- ◆ State Gas Tax Increase in Wisconsin State Needed to Replace Transportation Federal-Aid:

16.2¢





# Highway Bill Task Force



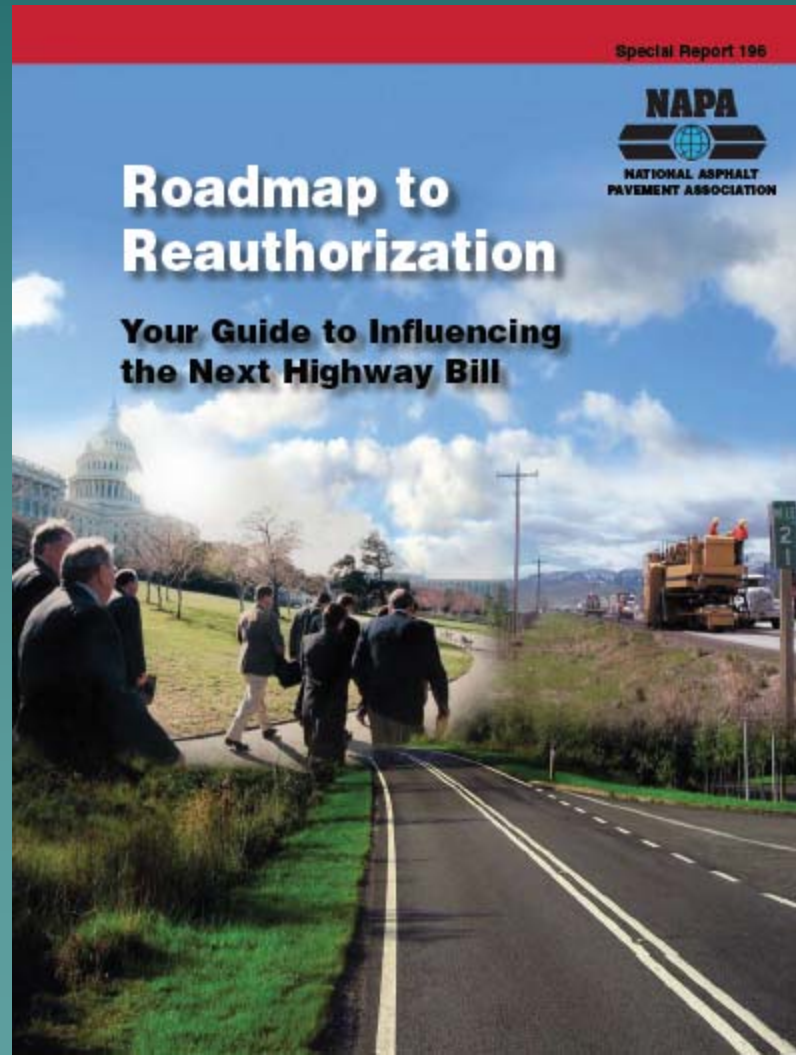


# Political Advocacy

- ◆ NAPA-PAC
- ◆ Goal \$100,000
- ◆ Raised \$90,000
- ◆ 50+ Contributors
- ◆ Making a huge difference in NAPA's Government Affairs Program.

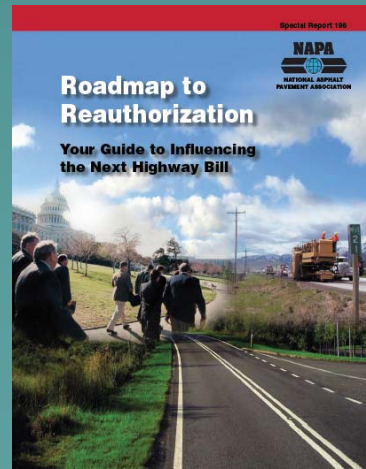


# Guidebook For Industry



# It's Your Job...

- ◆ ...to understand what is at stake.
- ◆ ...that is being threatened.
- ◆ ...to participate in grassroots.



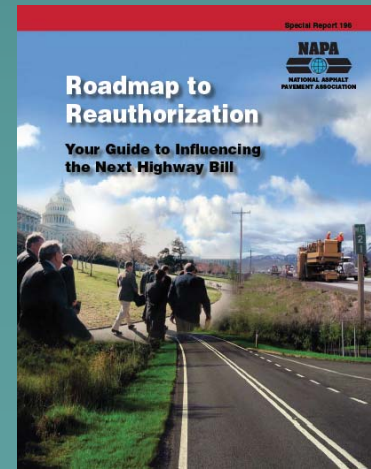
# Jobs are at stake!

- ◆ *Material Producers*
- ◆ *Suppliers*
- ◆ *Aggregate Companies*
- ◆ *Equipment Manufacturers*
- ◆ *Subcontractors*
- ◆ *Researchers/Lab Tech's*
- ◆ *Vendors*
- ◆ *Consultants*



# Why Grassroots?

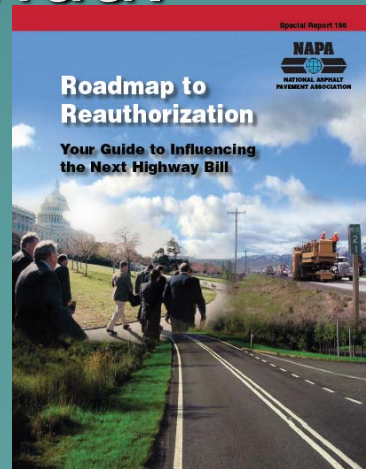
- ◆ Make lawmakers aware that we exist as an industry.
- ◆ Create background noise NAPA needs to negotiate.
- ◆ Influence key votes.





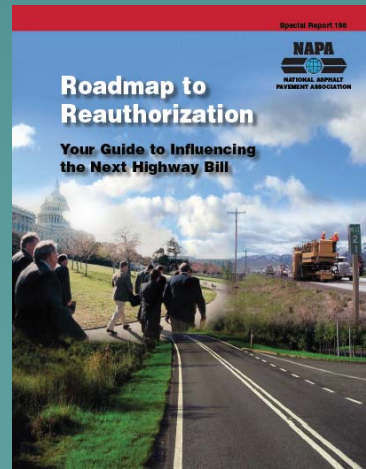
# Grassroots Action Plan

- ◆ Identify Highway Bill as a top company priority.
- ◆ Appoint a grassroots coordinator.
- ◆ Prepare a grassroots action plan.
- ◆ Add “Company Grassroots” to your management team meeting agenda.
- ◆ Provide a web link to your local Members of Congress on company intranet.



# Grassroots Action Plan

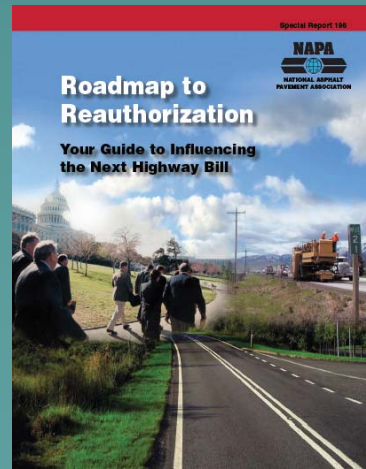
- ◆ Set up an action center for all employees to send messages to Congress.
- ◆ Designate staff to liaison with local Chamber of Commerce.
- ◆ Meet with subcontractors and vendors to encourage their involvement.
- ◆ Attend TCC Fly-In May 19-20.
- ◆ Use NAPA to stay informed.  
*<http://legislative.hotmix.org>*





# Sample Ask

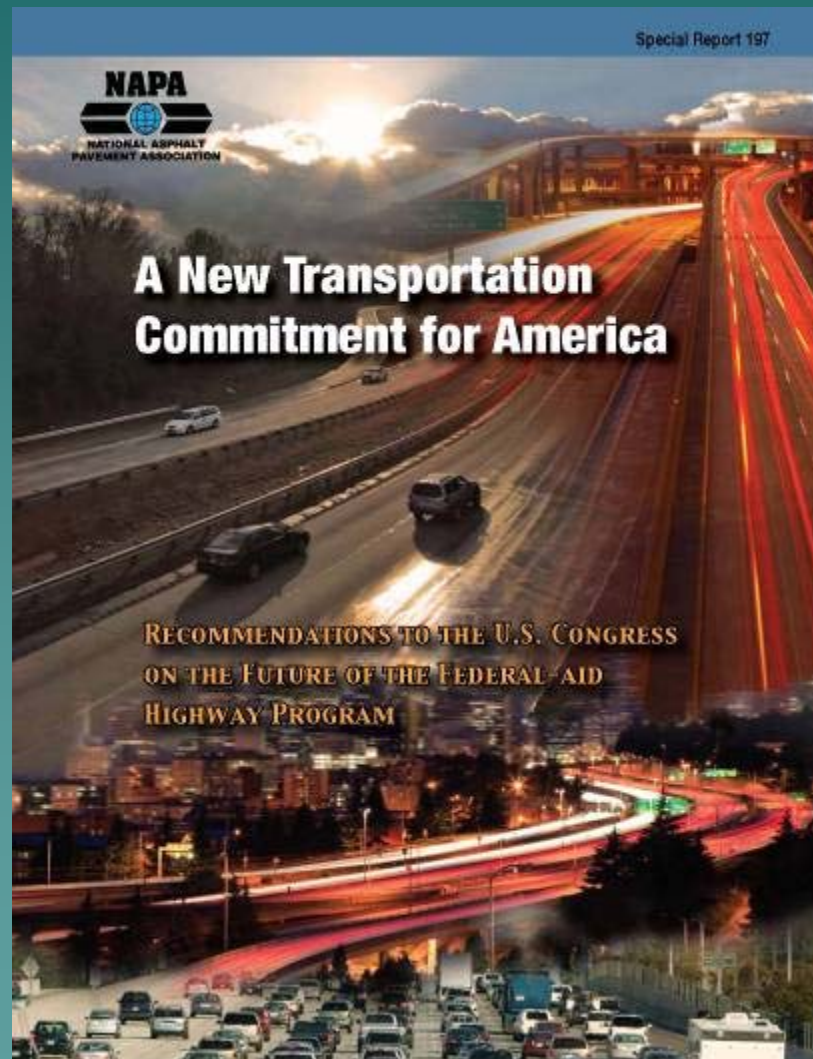
“Please support full funding for the highway program. My job depends on it!”



- ◆ "I s  
I ca
- ◆ "I'r  
you
- ◆ "I'v  
{in  
pro  
end
- ◆ "I'll  
you  
way.



# NAPA White Paper



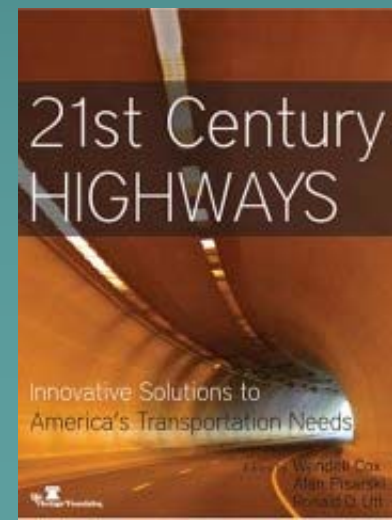
# Transportation Summit



*"Agreement on Principles"* for the next  
Transportation Bill.

# Modernizing Highways

- ◆ Declare modernizing highways a national goal.
  - Increase Federal funding.
  - Implement research on materials and construction methods.





# Funding



- ◆ MAXIMIZE existing resources
  - Strengthen HTF Budget Firewalls
  - Prohibit Diversion
  - Eliminate Flexing of IM Funding
  - Reform the Earmarking Process
  - Pavement Management Program

# Funding

- ◆ INCREASE Funding
  - Increase Highway User Fees / “Fuel” Taxes
  - Index
  - Establish a Rate Setting Commission
  - Expand Revenue Options and Don’t Divert

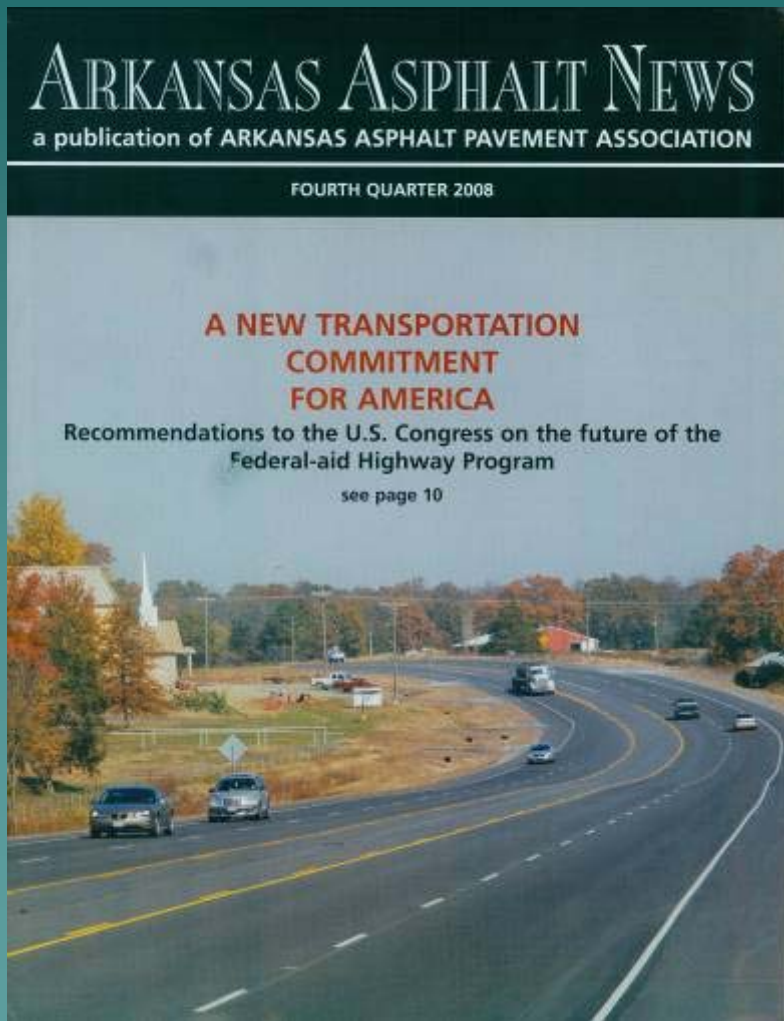


# Funding

- ◆ Outside HTF Options
  - Public Private Partnerships
  - Expand Tolling to Supplement Funding
  - Innovative Financing Tools



# Deliver the White Paper



**NATIONAL ASPHALT PAVEMENT ASSOCIATION**

NAPA Building • 5100 Forbes Boulevard • Lanham, Maryland, USA 20706-4407  
Toll Free: 888-468-6499 • Tel: 301-731-4748 • Fax: 301-731-4621  
Mike Acott, President

November 13, 2008

The Honorable Barack Obama  
President-elect  
United States Senate  
Washington, DC 20510

Dear President-elect Barack Obama:

As President of the National Asphalt Pavement Association (NAPA), I would like to express our whole-hearted congratulations to you on your historic victory. NAPA stands ready to work with you and your Administration as you lead our country through this period of great economic uncertainty.

During the campaign you addressed many of the issues that NAPA's members see as critical in restoring our nation's economy and future prosperity, including the need to rebuild our nation's highways, roads, and bridges. You recognize the enormous negative impact deteriorating surface transportation infrastructure is having on America's global economy and the health and safety of its citizens. In fact, our nation's surface transportation infrastructure is in crisis. There are two actions we believe must be taken to simultaneously address America's economic challenges and mounting transportation needs.

First, Congress and the incoming Administration must act quickly to initiate a full range of efforts to stimulate job creation and address economic problems including investment in near-term transportation projects. The U.S. economy, which is already in recession, threatens to slow further, and clearly needs additional stimulus to support broad recovery and address particularly hard hit sectors like construction.

Earlier this year, state departments of transportation identified more than 3,000 highway projects totaling approximately \$18 billion that could be implemented within 30-90 days from enactment of federal economic stimulus legislation. NAPA members are ready, willing and able to get to work as soon as this legislation is enacted. A copy of our recommendations on the future of the Federal-Aid Highway Program, *A New Transportation Commitment for America*, is attached for your information.

Again, congratulations on your victory, and we wish you all the best as the 44<sup>th</sup> President of the United States of America.

Sincerely,

Mike Acott  
President



<a href="#">Home</a>	<a href="#">Legislative Resources</a>	<a href="#">Media Center</a>
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## Advocacy Home

### [Welcome to NAPA's Legislative Home Page](#)

Welcome to NAPA's Government Affairs web site. The purpose of this web site is to share legislative-related information with the HMA industry and facilitate effective communication between the HMA industry and decision-makers in Washington.

**First-time users to the grassroots site need to register for the purpose of identifying their elected Representative and U.S. Senators. Entering your email address is for users who are *returning* back to the site, thus avoiding having to re-enter the information again. NAPA's database and the grassroots database are separate and distinct databases.** Please contact NAPA's Vice President - Government Affairs, [Jay Hansen](#) for more information.

### Current Issues



#### Economic Stimulus Bill Legislative Blog

[Read More](#)



#### Congress Needs to Hear from You on the Future Federal-Aid Highway Program

[Read More](#)



#### Roadmap to Reauthorization: Your Guide to Influencing the Next Highway Bill

[Read More](#)



#### 2008 Legislative Highlights

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#### NAPA-PAC Third Quarter Report (4Q - 2008)

[Read More](#)

### Your Legislators

To find your elected officials, please enter your zip code.

If you are already a registered user of this site, please log in below.

Email Address:




<a href="#">Home</a>	<a href="#">Legislative Resources</a>	<a href="#">Media Center</a>
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If you are already a registered user of this site, please log in below.

Email Address:



[New? Register Here](#)  
[Trouble logging in?](#)



# WWII VETS VISIT DC





# First Amendment

- ◆ Five Freedoms

- ◆ *Right to Petition*

- ◆ Individuals, groups, corporations have a Constitutional right to lobby Congress for laws that favor them.





We the People

in our democratic Constitution  
and our Bill of Rights

Article 1

# Thank You!



Jay Hansen  
Vice President –  
Government Affairs  
*[jhansen@hotmix.org](mailto:jhansen@hotmix.org)*