Presentation Overview

- Federal Aid Highway Program & Funding
- American Recovery & Reinvestment Act
- Federal Highway/Transit Program Authorization
- National Market Overview
Highways & Bridges: A Shared Funding Responsibility

- Federal government – 1 million miles – Interstates, NHS, other primary roads
- State and local governments – 3 million miles – local and rural roads

Source: FHWA Highway Statistics 2006, Table HM10
The Federal Highway Program Spending Process

"Funds" (Contract authority) dist. to states

States obligate funds for projects up to OL

States contract for work

States pay contractors for work performed

States present invoices to U.S. Treasury

States reimbursed by Treasury
Spend Out Rate of Annual Federal Highway Appropriation (Budget Outlays)

1st Year: 27%
2nd Year: 42%
3rd Year: 17%
4th Year: 6%
5th Year: 4%
6th Year: 2%
7th Year: 2%
American Recovery & Reinvestment Act

- **$27.5 billion for highways** (until 9/30/10)
  - 67%, $17.9 billion to State DOTs
  - 30%, $8 billion to local governments
  - 3%, $800 million for enhancements
  - 3%, $840 set-asides

- **Wisconsin**:
  - $530 million apportioned
  - $357 million obl.-to-date
  - $173 million un-obl.-to-date
  - $54 million outlays-to-date

*(thru Sept)*
Obligation of Federal Highway Funds

Source: FHWA, U.S. Government Budget for FY 2010
ARRA Outlays: April-September ‘09

Payments to Contractors for ARRA Construction Work

- April 7: $2.2
- April 30: $10.4
- May 19: $36.2
- May 31: $69.4
- June 16: $150.2
- June 30: $264.2
- July 15: $399.1
- July 31: $676.6
- Aug 18: $1,056.9
- Aug 31: $1,437.8

Source: Federal Highway Administration
Anticipated ARRA Market Impact

Source: Budget of the U.S. Government, FY 2010
<table>
<thead>
<tr>
<th>States Cut Own Program Funding FY 2009</th>
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<tbody>
<tr>
<td>Massachusetts</td>
</tr>
<tr>
<td>New Jersey</td>
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<td>Pennsylvania</td>
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<td>California</td>
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<td>Oregon</td>
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<tr>
<td>Washington</td>
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</tbody>
</table>

Source: National Association of State Budget Officers
Tempering the Stimulus:
19 States Plan to Cut Own Funding FY 2010

- Maine
- Massachusetts
- Delaware
- New Jersey
- New York
- Illinois
- Michigan
- Georgia
- Louisiana
- North Carolina
- Minnesota
- South Carolina
- Virginia
- West Virginia
- Arizona
- Utah
- California
- Idaho
- Washington

Source: National Association of State Budget Officers
Federal Highway/Transit Program Funding Authorizations FY92 – FY09 ($ Billions)

ISTEA (FY92-FY97): 2.5
TEA-21 (FY98-FY03): 5.2
SAFETEA-LU (FY04-FY09): 11.5

ISTEA (FY92-FY97): 31.5
TEA-21 (FY98-FY03): 41
SAFETEA-LU (FY04-FY09): 220.6

Other
Transit
Highway

American Road & Transportation Builders Association
Context for New Authorization

- National Surface Transportation Policy and Revenue Study Commission
- National Surface Transportation Infrastructure Financing Commission

**2008-35 Average Annual Needs**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Maintain the System</td>
<td>$76</td>
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<tr>
<td>Improve the System</td>
<td>$138</td>
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</tbody>
</table>

Source: Finance Commission Final Report, Exhibit 2-26
$90 Billion Status Quo Shortfall

Surface Transportation Investment Achievable with Current Revenues
(FY 2010 - FY 2015)

Source: Committee on Transportation and Infrastructure
House T&I Committee Surface Transportation Reauthorization Proposal

- Proposed $500 billion over six-years (FY10-FY15)
  - $337 billion for highways
  - $100 billion for public transportation
  - $13 billion for safety
  - $50 billion for High Speed Passenger Rail (non-HTF)
- +$140B in new HTF revenues needed to fund
House T&I Committee Surface Transportation Reauthorization Proposal

- Proposed Core Highway Formula Programs
  - Critical Asset Investment
  - Surface Transportation
  - Congestion Mitigation & Air Quality
  - Highway Safety Improvement
  - Freight Improvement
House T&I Committee Surface Transportation Reauthorization Proposal

- New Discretionary Programs (non-formula)
  - Metropolitan Mobility & Access: $50 billion
    - Tier 1
    - Tier 2
  - Projects of National Significance: $25 billion
Key overall new themes throughout the bill...

- Performance Standards & Accountability
- “Livability” (“You know it when you see it.” – Roy Kienitz)
- “Climate Change”
- Improving Freight Mobility
Outlook for Reauthorization

- **Short-term**
  - Extension (how long)
  - HTF fiscal situation

- **Beyond short-term**
  - Senate/Administration
  - Revenues
Current Market Situation
Real Value of Total Transportation Construction

Transportation Construction – Jan to July
(in billions 2009 $)

Source: U.S. Census Bureau, Value of Construction Put In Place, adjusted with ARTBA Transportation Construction Cost Index
Quarterly Change in Material Prices

Average Highway & Street Material Prices

Source: U.S. Bureau of Labor Statistics; PPI for Highways & Streets
Quarterly Change in Project Cost

**Total Project Costs – ARTBA Transportation Construction Cost Index**

- **2Q05**: 3.4%
- **3Q05**: 3.5%
- **4Q05**: 0.7%
- **1Q06**: -0.4%
- **2Q06**: 4.6%
- **3Q06**: 1.6%
- **4Q06**: -0.1%
- **1Q07**: -2.4%
- **2Q07**: 4.5%
- **3Q07**: 1.4%
- **4Q07**: 0.8%
- **1Q08**: 1.0%
- **2Q08**: 5.9%
- **3Q08**: 4.4%
- **4Q08**: -7.3%
- **1Q09**: -3.6%
- **2Q09**: 2.3%

Source: ARTBA Transportation Cost Index based on materials, labor and overhead; data from U.S. Bureau of Labor Statistics
Real Value Highway & Bridge Contract Awards

Source: McGraw Hill Dodge Data
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