

Surface Transportation Reauthorization Impacts of Recurring Extensions and Delays

Congress must enact a multi-year reauthorization bill with increased funding for highways before the end of 2010 to avoid further devastating impacts to the Federal Highway Program!

When TEA-21 expired on September 30, 2003, it took Congress 680 days and twelve extensions before President George W. Bush signed SAFETEA-LU into public law on August 10, 2005. While the recurring extensions avoided a shutdown of highway projects, the delay in enacting a reauthorization bill significantly affected the delivery of transportation projects across the country.

For example, a 2003 American Association of Highway and Transportation Officials (AASHTO) survey found that 33 of the 45 responding agencies indicated a short-term extension rather than completion of a six-year bill would mean \$2.1 billion in project delays.

The American Road and Transportation Builders Association prepared an analysis showing the impact of both a recession and short term extensions on highway construction during this period. At the start of this decade, the perfect storm of recession plus uncertainty caused by disruptions to federal highway funding caused a three-year recession in highway construction, as shown in Figure 1.

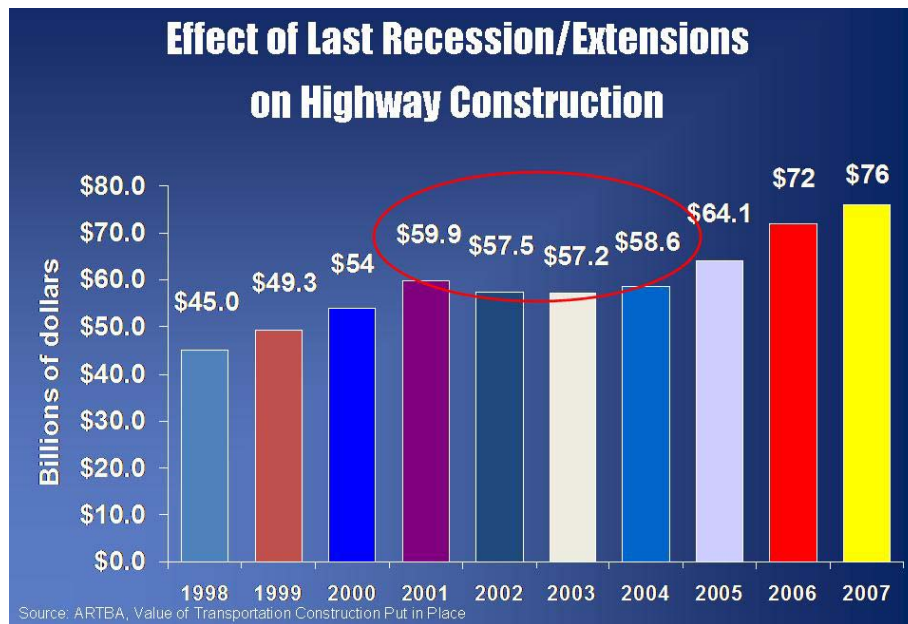


Figure 1

Today the Federal transportation program is facing exactly the same set of circumstances – a serious recession combined with proposals to once again extend the highway program for a short period of time rather than enact a robust well-funded six year authorization bill. However, the economic conditions are much worse.

The construction industry today is faced with its worst economic crisis since the Great Depression. Nearly 2 million construction jobs have been lost since December 2007 and the construction unemployment rate now stands at 21.8 percent (Figure 2). Millions of American families are suffering as residential and commercial construction activity decline and state and local spending on highways, roads and bridges are slashed.

Unemployment Rate - Construction Industry

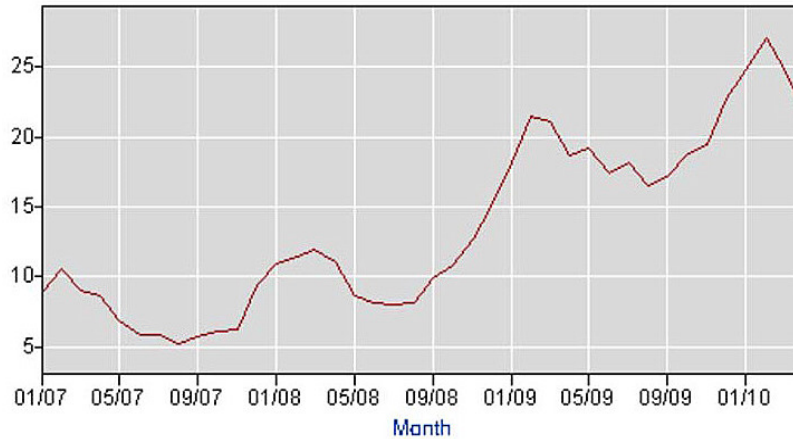


Figure 2

Since SAFETEA-LU expired on September 30, 2009 Congress has enacted five short-term extensions. The fourth extension was not enacted in time resulting in an unprecedented shutdown of the Federal Highway Program for two days and more than \$153 million a day in lost reimbursement payments for highway projects to the states. In a time of great economic and state budget difficulty, the negative impact of delaying the reauthorization bill into 2011 will be much greater than what was experienced in 2003-2005.

Extensions of SAFETEA-LU

<i>Extension Number</i>	<i>Date</i>	<i>Public Law</i>	<i>Delay (days)</i>	<i>Cumulative Delay (days)</i>
1	10/1/2009	P.L. 111-68	31	31
2	10/30/2009	P.L. 111-88	49	80
3	12/19/2009	P.L. 111-118	71	151
4	3/2/2010	P.L. 111-144	16	167
5	3/18/2010	P.L. 111-147	289	456

While these extensions will continue SAFETEA-LU’s policies, there remain impacts from delaying enactment of the next 6 year reauthorization bill. The costs associated with delaying a reauthorization bill are REAL and SUBSTANTIAL. The American people, Congress, state transportation departments, and contractors should expect the economic impacts in terms of job loss, industry contraction, and delayed highway projects to be much more significant than during the 2003-2005 period.

Impacts of Recurring Extensions and Delays

- A reauthorization bill would create thousands of new jobs in the construction industry and would reinforce the jobs created and saved in the Recovery Act.
- States rely heavily on continuing and guaranteed funding from the Federal government for new capital projects and planning; extensions disrupt the flow of Federal funding for transportation projects.
- Highway funding is subject to disruption by a shut down of the Federal-Aid Highway Program if the law expires without Congress enacting an extension.
- Delaying a reauthorization bill creates uncertainty which stunts business growth and prosperity is a major hindrance to state and local DOT planning for longer term, more complex highway projects.
- The uncertainty caused by short-term extensions results in state and local governments spending fewer highway dollars.
- The overall physical conditions and performance on our nation's highways are badly deteriorated because of inadequate investment; delaying passage of a reauthorization bill allows the deterioration to worsen.
- Future multi-year highway safety projects are put on hold under extensions.
- Delaying a reauthorization bill costs the taxpayer money as projects take longer to complete and project costs rise.
- Construction schedule timetables are disrupted by the uncertainty of extensions as states try to manage contract bid lettings impacted by staggered funding over multiple non-standard periods.
- Extensions create uncertainty which disrupts hiring and equipment purchasing decisions which harms the greater economy.
- The construction workforce suffers under extensions through lack of steady employment, inconsistent workforce training, and the loss of highly skilled employees who seek work in other sectors of the economy.
- Delaying a reauthorization bill means a longer road to prosperity for the American economy.



Source: FHWA