



NATIONAL STONE, SAND & GRAVEL ASSOCIATION



Natural building blocks for quality of life



Principles for Authorization of the Surface Transportation Program

The United States requires a vast system of roads, highways, and bridges in order to move goods and people. The principle material used in the construction of roads and highways is aggregate (stone, sand, and gravel.) Aggregate, when combined with about 5 percent liquid asphalt produces asphalt pavement. Aggregate, when combined with 8 percent cement produces concrete pavements. Asphalt and concrete pavements are the foundation of America's competitiveness, mobility, and high standard of living.

Our nation's roads, highways, and bridges have served the nation well during the second half of the last century and they are still critically needed to move America's economy in the future. Unfortunately, the investments needed to maintain and expand the highway system have been inadequate. As a result, America is ill-prepared to meet the competitive demands of the global economy.

Current public investments in funding highways are not adequate to meet the needs of the system. According to DOT's *2008 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance* report, over the next 20 years an additional \$27 billion annually is needed to simply sustain highway conditions and performance. Additionally, another \$96 billion per year is needed to make all cost-beneficial highway and bridge improvements.

While most experts agree that we must reinvest in our nation's highway system to provide greater mobility, safety, sustainability, and economic competitiveness, the Administration and many in Congress have neglected to champion viable and equitable approaches to finance this necessary investment, namely an increase in the fuel user fee.

Quick Facts

One-third of the nation's highways – interstates, freeways and major roads – are in poor or mediocre condition.

More than one-quarter of major urban roads, which carry the brunt of national traffic, are in poor condition.

Major urban centers have the roughest roads – more than 60 percent of the roads in the greater Los Angeles, San Jose, San Francisco-Oakland, Honolulu and Washington, DC, areas offer a poor ride.

Rough roads add an average of \$335 to the annual cost of owning a car – in some cities an additional \$740 – due to damaged tires, suspensions and reduced fuel efficiency.

Every \$1 spent in keeping a road in good condition prevents spending \$6-\$14 to rebuild one that has deteriorated.

Today the unthinkable has happened. A greater share of the Federal highway investment is being derived from the General Fund and a deficit laden U.S. treasury. This is not sustainable. Moreover, the current situation of short-term extensions and General Fund transfers to the Highway Trust Fund undermines the stability and market certainty that can only be provided by a multi-year, well-funded surface transportation authorization bill.

A multi-year surface transportation authorization bill provides contract authority that allows states to budget highway projects over a six-year period. The loss of contract authority subjects the Federal Highway Program to the annual appropriations process with no certainty from one year to the next what the Federal commitment will be to enhance and upgrade the highway system. This not only undermines state and local transportation programs but it damages the construction industry.

The longer Congress delays in making the investments necessary to our highways, roads and bridges, the more difficult and expensive it will be for our nation to finance this critical and necessary undertaking. Moreover, further delays will exacerbate construction unemployment, now at 21.8 percent, and undermine the jobs saved and/or created from the American Recovery and Reinvestment Act (ARRA).

According to an analysis by the American Road and Transportation Builders Association, the \$337 billion for highway improvements in Chairman Jim Oberstar's "Surface Transportation Authorization Act" proposal would support an annual average of 540,000 more jobs in the US economy than would be supported under current funding levels governed by extensions of the existing program. About half of these jobs would be in the highway construction industry that supply materials and services used in highway construction, and the rest would be spread out through the entire economy.

Therefore, as the major suppliers of material used in the construction of the roads and highways, we believe the best time to act on a multi-year surface transportation bill is now. We present the following principles for authorization of the next surface transportation program based on our expert knowledge of the current condition of our nation's pavements and the progress that would result from a well-funded, six-year surface transportation authorization bill.

- **Timeliness**

Timely enactment of a multi-year authorization bill is critical for state transportation departments to plan and budget for projects and for our industries to make critical business decisions such as maintaining an adequate workforce and investing in equipment. Congress enacting a multi-year authorization bill in 2010 will spur the creation of good-paying jobs in the construction industry immediately and renew America's roads and highways.

- **Funding**

There is unanimous agreement that additional funding is needed to invest in America's roads, highways and bridges. Dramatically reducing highway funding or massive deficit spending to fund the program are options our industries oppose. There is another way however that has been widely documented by many independent, third-party groups as well as by two congressionally-mandated commissions^{1,2}. Among the potential options and their respective six-year revenue potential are:

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| ⇒ 10 cents/gallon motor fuels tax increase | \$111 billion |
| ⇒ \$5 per barrel tax on oil | \$195 billion |
| ⇒ Index current motor fuels tax | \$16 billion |
| ⇒ New freight user fee | \$60 billion |
| ⇒ Bonding/Infrastructure bank | \$50 billion |
| ⇒ Tolling (not federal revenue) | \$15 billion |
| ⇒ Credit Assistance (TIFIA Program) | \$12 billion |
| ⇒ Double Heavy Vehicle Tax | \$9 billion |

These options would continue the link between transportation investments and trust fund receipts. This is why we strongly believe that the existing separate budget categories for highways and transit in the Highway Trust Fund should be retained. In order to maintain the integrity of the user fee, Congress must avoid establishing new initiatives to finance non-transportation infrastructure activities with Highway Trust Fund revenues. Funds allocated to the respective Highway and Transit accounts of the Highway Trust Fund should be dedicated exclusively for these purposes and not flexed between the two accounts.

The Highway Construction Materials Group urges Congress to enact a user fee increase in the next surface transportation authorization bill. This can best be accomplished in the near-term by increasing the motor fuel excise tax which was last increased in 1993 and adjusting the tax annually based on an inflation index. Congress is also urged to use this legislation to prepare the nation for a vehicle miles travelled (VMT) fee to fund the Federal Highway Program in the long-term.

¹ The National Surface Transportation and Revenue Study Commission,
<http://www.transportationfortomorrow.org>

²The National Surface Transportation Infrastructure Financing Commission,
<http://financecommission.dot.gov>

- **Reduce Congestion**

America must have a dynamic transportation network that addresses the needs of a growing population and economy. Since 1982, the US population has increased 30 percent and the demand on the transportation network has increased over 100 percent. As a result, millions of commuters and other motorists suffer daily from traffic gridlock. This congestion imposes huge costs on the American economy.

According to the Texas Transportation Institute, congestion in American cities wasted 4.2 billion hours in 2007 which is nearly 5 times as much as 25 years prior. The current surface transportation system robs American commuters \$78 billion annually and adds substantial costs to businesses operating trucks to deliver products in congested areas. At a minimum, the next bill must provide mobility for people and freight to efficiently move around the country.

At the same time, reducing congestion would meet another legislative goal for the next surface transportation bill: effectively reduce transportation sector emissions including greenhouse gas emissions. A 2004 study of the nation's most severely congested highways entitled: *Unclogging America's Arteries, Effective Relief for Highway Bottlenecks*, concluded that a modest improvement to traffic flow at 233 known bottleneck locations would reduce carbon dioxide emissions by as much as 77 percent and conserve more than 40 billion gallons of fuel over a 20-year period. These fuel savings translate directly into lower CO₂ emissions.

The Highway Construction Materials Group urges Congress to address the growing population and economy while preserving and protecting our environment. This can best be achieved by including the following elements in the next surface transportation reauthorization bill:

- Recognition that congestion reduction is essential to reducing greenhouse gas emissions.
- Development of a national strategy to facilitate the movement of goods.
- Adding road capacity where appropriate and desired by the majority of local citizens.
- Reform of the Congestion Mitigation Air Quality (CMAQ) program to allow program funds to be used for congestion mitigation including new roadway capacity.
- Direct any funds collected as part of a "carbon tax" or other user-based fee to address climate change into the Federal Highway Trust Fund. These funds are being levied on those using the nation's transportation system and, in turn, should be used to improve the same system in order to assure congestion is addressed.

- **Performance Goals**

While highway construction projects are nearly all publicly funded, it is the private sector contractor that builds the pavements to specification or performance characteristics required by the state or local agency. We understand the public's demand for smooth, safe, and long-lasting pavements. Our industries are constantly innovating to develop new technologies to meet this ever increasing demand while at the same time doing so with environmentally sustainable materials and construction practices.

Over 210,000 lane-miles of pavements on the Interstate Highway System built in the 1960's and 1970's have reached the end of their design life and must be replaced. Major sections of this system will require the complete reconstruction of their pavement structures while under traffic conditions. Pavement renewal projects are expensive, costing much more than when originally built. Nevertheless, without substantial investment in this program, the Interstate Highway System will continue to deteriorate further degrading America's competitiveness.

The "Surface Transportation Authorization Act" (STAA) proposed by Chairman James Oberstar consolidates the existing Interstate Maintenance program, National Highway System program, and Highway Bridge program into one streamlined, outcome-based Critical Asset Investment program whose goal is to bring the highways and bridges on the NHS (including the Interstate System) to a state of good repair and maintain that condition. STAA also requires the US Department of Transportation to establish performance targets bases on the International Roughness Index (IRI). Under the provision states would be required to submit an asset management plan that would meet the performance targets. This provision would help direct resources where it is most needed and help increase transparency and accountability in the pavement renewal program.

The Highway Construction Materials Group strongly supports these proposals to develop performance standards in the area of asset protection and urges Congress to direct significant Federal funding towards this program over and above what was allocated under SAFETEA-LU to protect and renew America's existing highways, roads and bridges.

- **Pavement Research**

The Highway Construction Materials Group has a long history of developing and promoting pavement and construction innovations that enhance sustainability, energy efficiency, and the other environmental and economic aspects of highway and road pavements. None of these technological breakthroughs would have been possible without a vibrant, well-funded Federal research and technology deployment program.

An important aspect of the industry's research program is that it is based on partnering. Partners in current and past initiatives include the Federal Highway Administration (FHWA), American Association of State Highway and Transportation Officials (AASHTO), the state Departments of Transportation (DOTs), and the Transportation Research Board (TRB). This partnership is critical in establishing goals for the next phase of highway pavement research which must include a greater emphasis on - and more robust funding in - the area of technology deployment.

In addition, we believe the Federal Highway Administration must continue to play a leadership role in the research as well as the deployment of these new technologies. Substantial and meaningful research already has been completed, as for example the re-use of pavements. The program must focus on evaluating and deploying new technologies in the field through demonstrations, open-houses, showcases and training activities. Applied research should focus on new topics, such as addressing climate change and reducing greenhouse gas emissions during the life-cycle of a pavement.

The Highway Construction Material Group and its partners have come a long way in improving our nation's pavements. More research and technology deployment funding is needed in order to hasten the pace at which these innovations are adopted. The Highway Construction Materials Group believes there is a critically important role for the federal government in helping to fund the development and evaluation of these new technologies, assess their long-term performance, and ensure their deployment.

The Highway Construction Materials Group calls on Congress to retain and increase funding to the existing asphalt, concrete and aggregate highway research and deployment program to achieve these national objectives.

- **Additional Information**

For additional information about materials used in construction of roads and highways, contact:

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