



REPORT TO THE HIGHWAY-MU MEETING

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CONSTRUCTION ECONOMY

- Construction unemployment rate is 18.7%
- 1.6 million jobs lost
- 18% decline in construction activity
- Impact of stimulus \$ is marginal
- State infrastructure investment cut
- Very little evidence of good news



STIMULUS

- AGC developed economic study with GMU
- AGC has been pushing agencies to get \$ out
- AGC has been highlighting Buy America impediments
- AGC has been defending infrastructure investment/criticizing execution
- 70% of highway \$ obligated
- Water investment: 9 fold increase



CONSTRUCTION RECOVERY PLAN

- *BUILD NOW FOR THE FUTURE: A BLUEPRINT FOR ECONOMIC GROWTH*
- 30 policy recommendations designed to improve construction economy/mix of private and public incentives
- Spend out stimulus \$
- Enact highway reauthorization
- Establish Clean Water Trust Fund



CONSTRUCTION RECOVERY PLAN

- **Establish National Infrastructure Bank**
- **Expand and make permanent Build America Bonds program**
- **Encourage PPP's**
- **Exempt Construction from private activity bond cap**
- **Streamline environmental reviews**
- **Avoid GMLA's**



HIGHWAY REAUTHORIZATION

- On 2nd extension—expires 12/18
- Continued conflict between House and Senate/Administration
- Oberstar: do it now
- Obama & Senate: post 2010 elections
- Revenues?
- HTF needs \$6B for FY 2010



THE GIANT SHADOW OF THE DEFICIT

- Has practical and political ramifications
- \$12,000,000,000,000 in debt!
- Annual interest on the debt: \$383B (40% of tax receipts)
- FY 10 deficit: \$1.4 T: 10% of US GDP
- OMB projects \$21 T by 2019
- Annual interest on the debt in 2019: \$670 B
- This does not assume health care/cap & trade



REAUTHORIZATION POLICY CHALLENGES

- “Coerce” people out of their cars
- --environmentalists/planners
- --DOT/EPA/HUD MOU
- --“livable communities”
- Increased transit share
- EPA as transportation planner as a result of cap & trade



REAUTHORIZATION: GOOD NEWS

- Dems concerned about unemployment
- Dems see infrastructure as jobs creator
- Senate leaders have broader view on highway capacity
- User community working closely with us: vocal on user fee increase if added capacity
- Inevitability of a naturally occurring phenomenon



HOUSE ACTIVITY

- STAA (Surface Transportation Assistance Act)
- \$450 B, no agreement on funding
- Transit to 22%; MPO's can get more
- Pedestrian and bicycle programs
- No formulas/no program funding yet
- Accountability
- Passed out of Surface Transportation Subc.
- Tax on foreign oil?



SENATE ACTIVITY

- **MAP-21 (Moving ahead for Progress)**
- **Nothing written yet**
- **No funding level or sources identified**
- **More thought and discussion on future needs and revenue sources**
- **As usual, will likely follow House**



ASSISTANCE REQUESTED

- **Highway Phone-In Days**
- **TCC partners developing grass roots campaign**
- **1st Phone-In Day: December 2**
- **Bombard Congressional offices**
- **Monthly phone-ins until passage**
- **Supported by Op-Eds and LTE's**



WATER INFRASTRUCTURE

- **Stimulus Funding**
- **--\$4B for EPA Clean Water SRF**
- **--\$2 B for EPA Drinking Water SRF**
- **--\$1.4B for USDA Rural Water**
- **\$ being leveraged 2 to 1 with state/local \$**
- **Potential for \$16 B in EPA & USDA projects**



WATER INFRASTRUCTURE

- AGC taking leadership role in BUY America
- --promoting workable waiver process
- --23 specific waivers
- De Minimus waivers
- --up to 5% for valves, gaskets & fittings
- Press example for stimulus delays



WATER INFRASTRUCTURE

- **Senate: SRF Reauthorization (passed EPW)**
- --\$39B over 5 years
- --\$20 B for Clean Water
- --\$15 B for Drinking Water
- **House: Water Quality Investment Act (passed)**
- --\$19.4 B over 5 years
- --\$13.8 B for Clean Water
- --\$ 2.5 B for sewer overflow grants program



WATER INFRASTRUCTURE

- **Clean Water Trust Fund**
- **--Identifiable and reliable funding source**
- **--bipartisan support**
- **--AGC taking leadership role in WIN coalition**



CA OFF-ROAD DIESEL RULE

- AGC seeking re-open and reconsideration of rule
- Commissioned study that demonstrates CARB severely overestimated construction equipment inventory and emissions.
- Inventory overestimate +68%
- NOX estimate +37%
- PM estimate +51%



CAP & TRADE/CLIMATE CHANGE

- Dual track on GHG emissions
- --EPA 'endangerment' finding leads to regs
- --legislative effort
- House passed bill by 7 votes in June (9 GOP)
- Some market opportunities (renewable energy)
- Higher costs—fuel, steel, cement
- EPA as transportation planner—more federal decision making authority over local land use



CAP & TRADE/CLIMATE CHANGE

- Higher fuel costs will undercut efforts to align gas tax at state and federal levels
- Emerging economic powers (China, India, Brazil) refusing to go along—unilateral economic disarmament
- Bipartisan attempt in Senate to get 60 votes
- www.agc.org/climatechange



HEALTH CARE

- Passed House last week (220-215 w/ 1 GOP)
- \$1 T federal cost over 10 years
- Employer choice: 8% payroll tax or offer insurance with “acceptable coverage”
- Employer must pay 60-72.5% of premium
- Expands Medicaid eligibility to 150% of poverty line
- Individual mandate or 2.5% federal tax



HEALTH CARE

- 5.4% surtax on incomes >\$500,000
- --new highest rate = 45%
- --CFMA: 80% of firms subchapter S or LLC
- Creates 118 new federal boards, agencies, commissions
- Senate: 60 votes??????
- Employers for Healthy Economy--\$10 M ad buy
- www.agc.org/healthcare



CARD CHECK

- Eliminates secret ballot election and imposes mandatory arbitration for 1st contract
- Real bullets in Senate causing real heartburn
- Compromises discussed
- --quickie elections w/in 10 days
- --"neutral" campaigns
- --retain arbitration
- Becker at NLRB/McCain "hold"



GOVERNMENT MANDATED LABOR AGREEMENTS

- Obama Executive Order
- --rescinds Bush prohibition
- --agencies consider on projects >\$25 M
- AGC made case in meeting w/officials
- NH Jobs Corps Center
- --AGC FOIA request
- --project cancelled
- --template for future attempts



IMMIGRATION REFORM

- Administration eager to address
- AGC principles
- --border security
- --federal preemption
- --earned legalization
- --no vicarious liability
- --debarment not a penalty
- --retain “knowing” standard for employers

