economics

LONG-TERM PLAN FOR LONG (AND SHORT) SPANS

Recent federal-level transportation legislation closes a small loophole—but needs to address the big picture.

BY BRIAN RAFF

AT APPROXIMATELY 4 A.M. ON June 28, members of the House and Senate Surface Transportation Conference Committee agreed to and signed a conference report on the Transportation Reauthorization.

In 2005, Congress passed the Safe, Accountable, Flexible, Efficient, Transportation Equity Act – a Legacy for Users (SAFETEA-LU), which expired in 2009. Since then, it has been through a series of nine extensions, and while this reauthorization (the process by which Congress prescribes changes to transportation legislation in order to meet evolving transportation needs) is technically a new bill, NSBA views it as nothing more than another extension to SAFETEA-LU.

The 600-page bill includes funding through Fiscal Year (FY) 2014, at current levels, with a slight increase to adjust for inflation. (For FY 2012, the limitation on federal aid highway program obligations from the Highway Trust Fund is $39.1 billion, increased by the conference report to $39.7 billion in FY 2013 and $40.265 billion in FY 2014.)

In addition to setting future funding levels, the conference report also included language that closes the "segmentation" loophole, which allows a bridge project to be separated into multiple contracts. An example is the self-anchored suspension span portion of the San Francisco – Oakland Bay bridge project. Instead of the entire bridge being treated as one project, it was broken up into nine separate contracts, segmenting the self-anchored suspension span from federal funding and sending its steel procurement and fabrication work to China. This segmentation loophole was never part of Congress' initial intent when writing the Buy America provisions, and the conferees of the Reauthorization effort should be commended for strengthening this provision as well as improving waiver transparency and annual reporting of those waivers. This is an important victory for NSBA and its members, who have been fighting for stronger Buy America provisions since 2004.

Brian Raff is the marketing director of the National Steel Bridge Alliance. You can reach him at **raff@steelbridges.org**.

A day after the Surface Transportation Conference Committee signed the conference report, the House and Senate passed the negotiated Transportation Reauthorization by wide margins (373 to 52 in the House and 74 to 19 in the Senate). In order to become law, the bill must be "enrolled" and signed by the President, which may have happened by the time you read this article. In order to prevent an expiration of the programs during this process, the House and Senate passed H.R. 6064 (the Temporary Surface Transportation Extension Act of 2012), which extends highway program funding and student loan rates (a component of the completed transportation bill) for one week to allow time for the enrollment process and President's signature.

The good and bad news is that NSBA members will now have approximately two years of predictable, although woefully low, levels of federal funding for highway and bridge projects. It is this current level of inadequate federal transportation funding that has led to construction unemployment to stagnate at 18% and has forced states to tighten their expenditures, focusing more on short-term "patch-and-pave" jobs rather than planning and spending on new major Interstate projects like signature bridges.

In other words, this latest reauthorization is not a long-term bill that will give states enough time to plan large, significant bridge projects. It also doesn't address how the United States will find new sources of transportation funding to improve our infrastructure, but rather continues the use of Band-Aid solutions.

Regardless of funding levels, the domestic bridge industry has ample capacity to fabricate America's signature bridges as well as the myriad of typical highway overpasses and local short spans. In May 2012, NSBA conducted a nationwide study to determine the capacity of our domestic steel bridge fabrication industry. The survey asked U.S. bridge fabricators to state their 2010 plant use as a percentage of their overall capacity. Survey results determined that, on average, our nation's significant steel bridge fabricators only used 67% of their total plant capacity in 2010.

And there are countless examples across the country of what American fabricators have done—and still do. Recent projects such as the new Woodrow Wilson Bridge in Washington, D.C., the Ravenal Bridge in Charleston, S.C. and a new Mississippi River crossing in Louisiana are true success stories from domestic fabricators and their American workers, and our industry is poised to contribute if given the opportunity.

Remember: Just because we have a proverbial "tenth extension" to SAFETEA-LU doesn't mean we are done. It is critical that we continue to educate our legislators on the importance of a long-term, robustly funded transportation bill. If the U.S. is to remain competitive globally, it must promote the efficient movement of freight and commerce in and out of the country, as well as within its borders. The only way to do that is to drastically increase funding for highways and bridges and continue to make transportation a federal priority. MSC