AMERICAN Concrete Pressure Pipe ASSOCIATION

Actionline

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Déjà Vu: Obama's Budget Proposal Includes More of the Same

On April 10, President Obama released the administration's proposed fiscal year 2014 budget. The president continued to offer many of the same proposals lawmakers and industry have opposed in the past.

Infrastructure Investment Emphasized

As in past budgets, Obama once again calls for $50 billion in immediate infrastructure investments, specifically recommending $27 billion for highway repair and construction and $2 billion for border crossing infrastructure improvements. Unfortunately, similar to prior proposals, the question of how to pay for the new spending is left largely unanswered.

The administration also seeks to restructure the Highway Trust Fund into an overarching Transportation Trust Fund that would incorporate rail funding. The budget again offered little detail on how to fund such a program adequately and did not suggest alternative revenue streams for the new investment account. Instead, the administration assumes a transfer of $214 billion over six years from the "peace dividend," an accounting gimmick widely panned by Congress that would draw funds from winding down the wars in Iraq and Afghanistan, to maintain trust fund solvency and pay for the yet-to-be-conceived transportation bill to replace MAP-21.

While the president's focus on infrastructure investment is laudable, it is upsetting that the administration refuses even to attempt finding a viable solution to fund highway and bridge projects in the long term.

Mixed Messages on Water Infrastructure Funding

One bright spot of the president's budget is the call to eliminate the volume cap for water infrastructure private activity bonds (PABs). Though this measure would add $258 million to the budget over the span of a decade, according to a 2012 report by researchers at the College of William & Mary's Thomas Jefferson Program in Public Policy, the proposal would return $348.3 million to the federal government over twenty years.

The budget, however, calls for a $472 million reduction to the Clean Water and Drinking Water State Revolving Funds (SRFs), from $2.384 billion in 2012 to $1.912 billion. A historically strong supporter of SRFs, the administration characterizes these proposed reductions as "focused cuts," and emphasizes the U.S. Environmental Protection Agency would concentrate assistance on small and underserved communities and the use of "green infrastructure" to leverage resources.

The administration's refusal to push for the needed surface and water infrastructure investment is troubling to the construction industry. Fortunately, the recent trend has been that presidential budget proposals carry little weight on Capitol Hill.

Visit ACPPA-action.org to urge your lawmakers to find real funding solutions for the country's ailing infrastructure.

ACPPA Chats with WWEMA President About the Fight Against 'Buy America' Regulations

WWEMA President
Dawn Kristof Champney

Actionline recently sat down with Water & Wastewater Equipment Manufacturers Association (WWEMA) President Dawn Kristof Champney to capture her insights on fighting Buy American requirements in upcoming legislation.

Actionline: Dawn, can you briefly explain what 'Buy American' provisions are and why they are an impediment to the water infrastructure industry?

Champney: The 'Buy American' provisions we are concerned with require the use of domestically manufactured steel, iron, and manufactured goods in public works projects, specifically those funded by the clean water and drinking water state revolving funds. As witnessed during the American Recovery and Reinvestment Act (ARRA), the Buy American provisions that were imposed upon the water and wastewater industry proved challenging and disruptive – a real administrative nightmare. Projects were delayed as designs had to be reconsidered to ensure compliance with these new restrictive procurement requirements. There were additional costs incurred as competition was limited to domestic producers, with rare exception, reducing the number of projects that could ultimately be funded. U.S. companies utilizing global supply chains were oftentimes restricted from bidding on these municipal projects unless they were able to get their customer – the utility – to apply for a waiver. Engineers, contractors, and manufacturers alike incurred significant legal fees in attempting to determine compliance with the subjective guidance documents that accompanied the rule. Equally disconcerting was the impact this had on the global marketplace with other countries using it as an excuse to impose their own domestic content rules, locking U.S. suppliers out of their infrastructure markets where the future for growth lies.

Actionline: On March 5, U.S. House of Representatives Committee on Transportation & Infrastructure Ranking Member Nick Rahall (D-WV) introduced the Invest in American Jobs Act of 2013 (H.R. 949), which would ensure all steel, iron, and manufactured goods used in federally funded infrastructure projects – including water infrastructure – must be produced in the United States. Why are water infrastructure materials manufacturers opposed to this legislation?

Champney: For the very reasons you've cited. The term 'manufactured goods' – unlike basic steel and iron – presents us the greatest challenge. It encompasses complex, highly-engineered products with construction components and/or materials that oftentimes come from international sources due to the global nature of the marketplace. I wish we could say the United States has cornered the market on innovative technology. That is far from the truth. But our members are committed to investing in technologies that add value to their offerings and providing the best solutions for their customers, regardless of origin. Restrictive, onerous procurement rules of this nature distort trade flows, penalize innovation, and decrease the competitiveness of domestic industries.

Actionline: The Invest in American Jobs Act allows for federal agencies to apply for a Buy American requirement waiver if the total cost of the project would increase by more than 25 percent. What is the industry's impression of this "concession"?

Champney: Ludicrous. One could possibly debate the logic of giving some preference to domestic goods that may cost a few dollars more than a foreign supplied good, but it's laughable to impose a rule that increases the cost of the entire project by 25 percent. We are not talking about steel bridges where the primary product is steel. We are talking about complex treatment systems utilizing thousands of various products and components from sources throughout the world. Many of these products are provided by U.S. manufacturers that tap into the best technologies available worldwide as part of their offerings.

Actionline: Clean Water State Revolving Fund (SRF) grants are specifically mentioned in the bill as types of infrastructure investments where the Buy American requirements apply. How would Buy American requirements impact state and local infrastructure projects?

Champney: The same as it did during ARRA. Depending on how the language is written (i.e., all inclusive or limited in scope), it will tie municipalities' hands in getting the products they want and need; it will raise costs with fewer projects being funded; it will delay projects – especially those that may be forced to seek waivers; it will stifle innovation; it will ignite retaliation on the part of our trading partners, limiting export opportunities for U.S. manufacturers; and it will put the highly successful clean water and drinking water state revolving funds in jeopardy. As stated in a recent letter to Congress signed by 24 state representatives of the State/EPA State Revolving Fund Workgroup, "Such a provision will result in decreased flexibility in the SRF programs, loss of program viability as local governments refuse to use the SRFs based on the increased burden of federal requirements, and delays in infrastructure projects, especially if applied to all SRF funding … the use of SRFs for water infrastructure projects would be greatly restricted and could result in insolvency for SRF programs …." How does eliminating one of the best sources of affordable financing for building water and wastewater projects help our municipalities create jobs?

Actionline: What can water infrastructure advocates, like the members of ACPPA, do to fight the American Jobs Act of 2013 and other Buy American requirements?

Champney: Speak up and make your voices heard among your congressional delegation. Let them know what challenges you face by having to comply with these onerous restrictions. The advocates for Buy American are well organized and have the advantage of promoting what sounds to the novice as a valid pursuit. Tell them we want to be able to do what we do best, SELL AMERICAN!

WRDA: Where Would the Money Go?

According to the non-partisan Congressional Budget Office (CBO), the Water Resources Development Act (WRDA) of 2013 (S. 601) would invest $12.2 billion in the nation's water and wastewater infrastructure system over the next ten years.

An April 17 CBO cost estimate breaks down where that investment would be directed for each fiscal year through 2018 and projects further investment through 2023. Over the next five years, approximately $3.4 billion would be appropriated for water resource projects like inland waterway and watershed management, including the construction of locks and dams. The bill would inject $443 million during that time for the development of a levy safety program to strengthen the country's flood preparedness in the case of natural disasters. The CBO also concluded that WRDA would invest $235 million through 2018 to implement provisions related to harbor maintenance.

Finally, WRDA would set aside $40 million for a pilot project seeking to lower the cost of capital and increase private investment in water and wastewater infrastructure. Modeled after the Transportation Infrastructure Finance and Innovation Act, the program would provide credit assistance in the form of direct loans and loan guarantees to finance water projects of national significance.

The U.S. Senate Committee on Environment & Public Works unanimously approved the legislation on March 20. WRDA moves next to the Senate floor, where a vote is expected in the coming weeks.

Visit ACPPA-action.org today to urge your lawmakers to invest in our nation's crumbling water infrastructure.

ACPPA Invited to Concrete Industry Fly-In

On June 4-5, ACPPA will participate in the North American Concrete Alliance (NACA) cement and concrete industry Washington fly-in in conjunction with the Transportation Construction Coalition (TCC) Fly-In. ACPPA encourages all its members to come to the nation's capital, learn about policy issues affecting concrete materials manufacturing, share business intelligence, network, and meet with your lawmakers on Capitol Hill.

Prior to congressional meetings on June 5, NACA will host a separate industry-themed breakfast briefing with co-chairs of the Congressional Cement Caucus Reps. Charlie Dent (R-PA) and Jim Matheson (D-UT). Following meetings on Capitol Hill, the group will attend a Cement Caucus reception in the Cannon House Office Building Caucus Room.

If you would like to attend the NACA events, register for the TCC Fly-In and contact ACPPA's government affairs representative Christian Klein to coordinate activities and Hill meetings.