



**TESTIMONY BEFORE THE JOINT LEGISLATIVE FISCAL COMMITTEES
PERTAINING TO THE EXECUTIVE BUDGET PROPOSAL FOR TRANSPORTATION
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NEW YORK CONSTRUCTION MATERIALS ASSOCIATION
FEBRUARY 6, 2025**

Chairs Krueger, Pretlow, Cooney, Magnarelli, and distinguished members of the Legislature, on behalf of the New York Construction Materials Association (NYMaterials), I appreciate the opportunity to provide testimony regarding the State Fiscal Year (SFY) 2025-26 Executive Budget proposal for the Department of Transportation (DOT).

State and Local Transportation Program Recommendations

On January 21, 2025, Governor Hochul released her Executive Budget proposal, which includes strategic initiatives designed to make New York safer, more affordable, and more livable. NYMaterials commends the Governor for her decision to allocate an additional \$800 million for core highway and bridge projects. We also express our gratitude to the Senate and Assembly for their leadership - in their prior one-house budget bills - advocating for additional funding to uphold the commitments made in the Capital Plan MOU.

This one-time \$800 million adjustment to the adopted Capital Plan restores the purchasing power lost to inflation for projects planned in the upcoming fiscal year. However, it does not address the more than \$1.2 billion in construction cost escalation incurred over the first three years of the Capital Plan. This increase was driven by external factors such as geopolitical instability, supply chain disruptions, and workforce shortages. According to the Federal Highway Administration's (FHWA) National Highway Construction Cost Index (NHCCI), nationwide highway construction costs have risen by 70 percent in the past three years (Figure I). As a result, in the last year alone, DOT's construction bids have exceeded engineering estimates by nearly 40 percent, with projects involving heavy civil work seeing cost increases of nearly 100 percent. These inflationary pressures were not anticipated when the engineering estimates for the multi-year Capital Plan were first established.

The Executive Budget also continues to support locally administered pavement and bridge construction projects at \$1.3 billion, which maintains funding levels consistent with the 2024-25 fiscal year. However, municipal governments, which are responsible for maintaining approximately 87 percent of the State's surface transportation system, have also faced the burden of these inflationary pressures. Therefore, NYMaterials urges the Governor and Legislative leaders to increase funding for the CHIPS program by no less than \$250 million in the final budget.

Pavement and Bridge Conditions

NYMaterials recognizes that the five-year Capital Plan, adopted in 2022 with strong support from both the federal government and the State Legislature, represents the largest single investment in New York's transportation infrastructure. The plan was designed to provide resources to address the State's aging roads and bridges. Unfortunately, the promise of the Capital Plan has been undermined by inflationary pressures and shifts in project prioritization.

According to the State's recent Pavement and Bridge Condition and Performance report, seven out of 11 DOT regions have seen declines in pavement conditions, while all regions have experienced worsening bridge conditions. As a result, New York continues to rank among the worst in the nation for pavement and bridge conditions (Figures II and III). While these challenges are partly due to the age of the infrastructure, they are also exacerbated by insufficient investment and policy decisions.

While NYMaterials supports bold, visionary projects, we urge a more balanced approach to funding. The State is now projected to spend nearly half of its construction budget on just four projects - up from 25 percent when the Capital Plan was first formulated (Figure IV). This shift in priorities has led to the deferral of essential repairs and maintenance for the State's core transportation system, resulting in further deterioration of pavement and bridge conditions. After adjusting for inflation, New York is investing less in maintaining its core roads and bridges than at any time in recent history.

Transportation Worker Safety

I would also like to take a moment to acknowledge and commend the Governor - particularly Chairs Cooney and Magnarelli - for their continued support of safety protections for transportation workers. Having personally attended far too many funerals for fallen workers, I am deeply encouraged by the Governor's proposals to enhance work zone safety and deter assaults on transportation workers. These measures will go a long way in ensuring these essential public servants return home safely at the end of each day.

Conclusion

Governor Hochul's Executive Budget proposal for SFY 2025-26 includes significant investments in transportation infrastructure, including an \$800 million increase for core roads and bridges to address rising construction costs. This funding boost is critical in helping to ensure that vital highway and bridge projects planned for 2025-26 remain on track. However, the proposal faces challenges, particularly concerning the long-term sustainability of transportation funding, the need for increased local program funding, and inflationary pressures. Additionally, funding shortfalls for the MTA Capital Plan remain a concern.

Given the projected fiscal constraints, including growing deficits and borrowing limitations, NYMaterials believes comprehensive solutions are required to address the growing backlog of core pavement and bridge repairs and the financial strain faced by local governments. We respectfully offer the following recommendations:

- **Realign the approval process for the MTA's 2025-2029 Capital Plan** to coincide with the upcoming DOT Capital Plan.

- **Restore funding to counter inflationary pressures** during the first three years of the DOT Capital Plan, along with increased CHIPS funding for municipalities.
- **Develop integrated funding solutions** to support the long-term infrastructure needs of both the MTA and DOT.
- **Reprioritize investments** to modernize and strengthen New York’s core transportation infrastructure, ensuring it remains safe, reliable, and resilient.
- **Conduct a comprehensive needs assessment** of the DOT, similar to the process already mandated for the MTA, to ensure future planning and programming is data-driven and sustainable.

By adopting a more holistic approach to transportation funding, New York can better address statewide infrastructure needs while maintaining fiscal responsibility.

Thank you for considering these comments and recommendations. With your support, NYMaterials is confident that New York can overcome current inflationary challenges and ensure the continued success of the State’s transportation initiatives. We look forward to working with the Executive and Legislative branches to secure the necessary funding for these critical programs and projects.

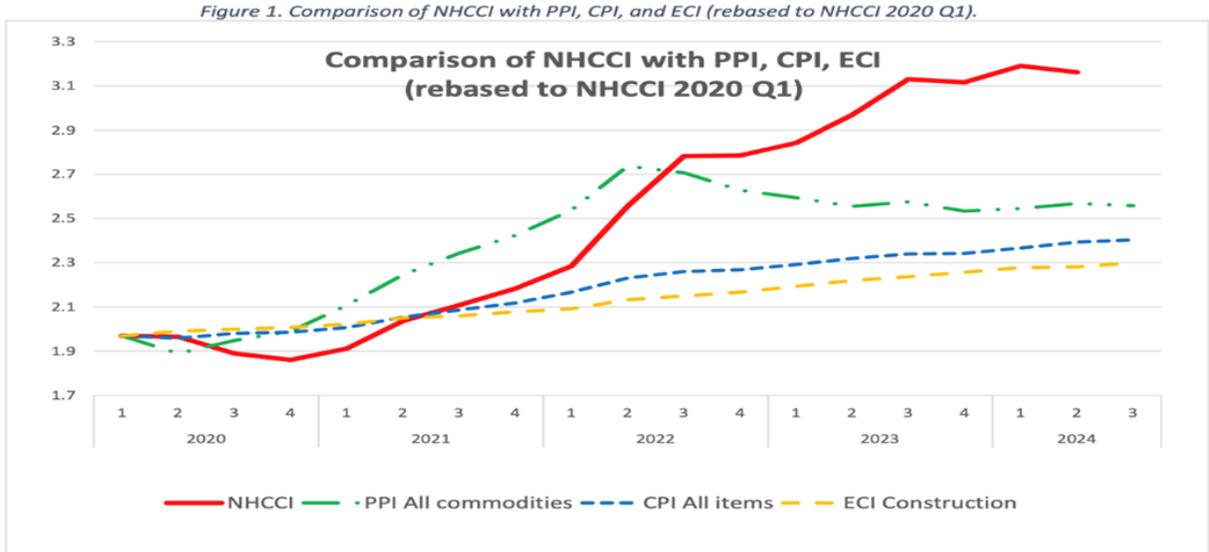
Please do not hesitate to reach out if you have any questions or would like to discuss this further. I am available at your convenience and can be reached at 518-441-2585 or ron.epstein@nymaterials.com. Thank you!

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About the New York Construction Materials Association

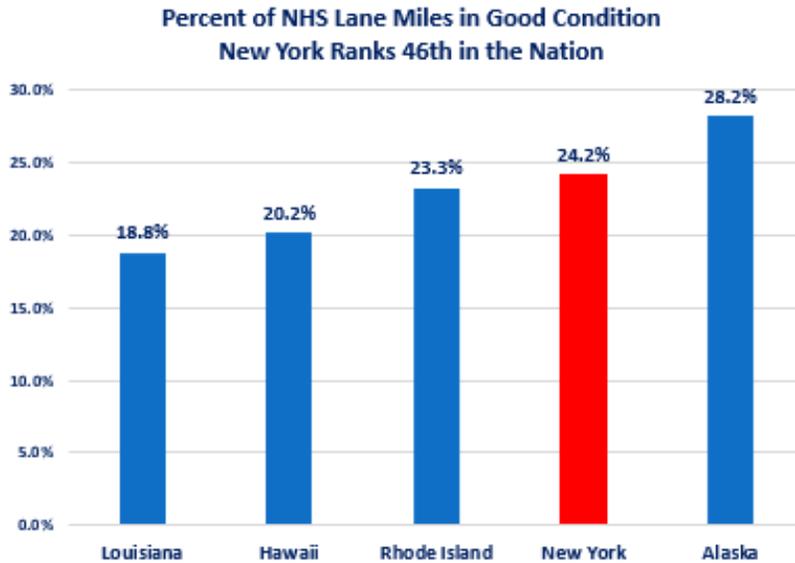
NYMaterials is a not-for-profit, statewide trade association representing the business and regulatory interests of companies involved in the production and recycling of construction aggregates, ready-mixed concrete, and asphalt used in public and commercial infrastructure projects across New York. These essential materials are integral to every construction project in the state. Our industries contribute over \$5 billion annually to the economy and support 30,000 families statewide. Additionally, the production of aggregates, including asphalt, plays a crucial role in helping achieve the Governor’s goals of 100 percent zero-emission electricity by 2040, the construction of 800,000 housing units to address the affordability crisis, and positioning New York as a global leader in high-tech semiconductor manufacturing. Our membership also engages in research and development to improve the efficiency and sustainability of construction materials, in collaboration with both industry and government.

Figure I



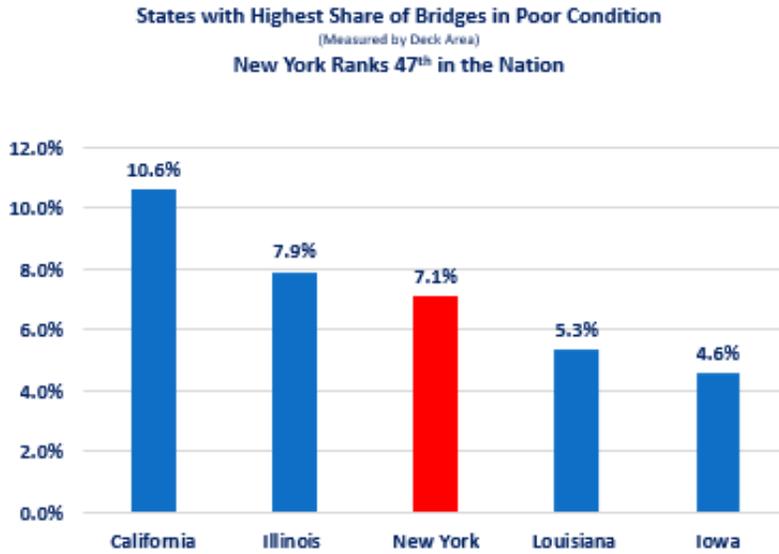
Sources: NHCCI: FHWA, Office of Transportation Policy Studies, National Highway Construction Cost Index (NHCCI) 2024 Q2 Estimates. CPI and PPI Indexes: BLS, Consumer Price Index, and Producer Price Indexes, available at <https://www.bls.gov>.

Figure II



Source: NYMaterials' Analysis of Federal Highway Administration data

Figure III

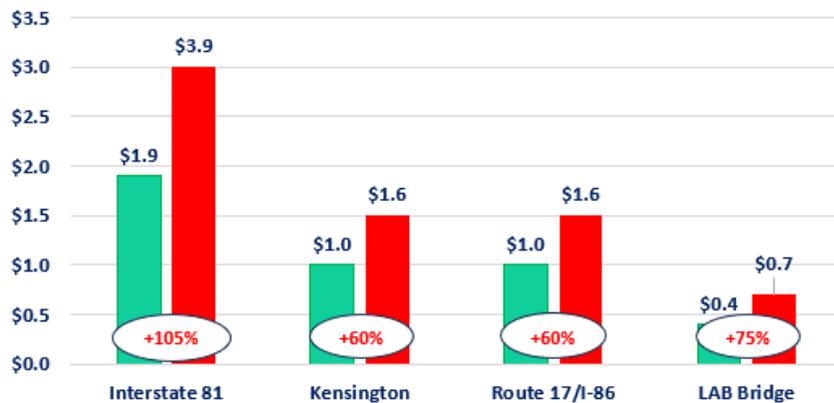


Source: NYMaterials' Analysis of Federal Highway Administration data

Figure IV

Escalating Costs of Priority Projects

\$ in billions



Source: NYMaterials' analysis of NYSDOT Program Delivery Reporting