



Testimony of Richard L. Trumka

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Before the Senate Environment and Public Works Committee

February 12, 2014

Infrastructure, Good Jobs and our Future

Thank you Chairman Boxer and Ranking Member Vitter for having me appear before your committee today.

The AFL-CIO is the largest labor federation in the United States, representing 56 affiliate unions and 12.5 million workers across the country—from bus and transit operators to those who forge the steel and build and repair our highways. The people we represent build America's surface transportation system and make America move.

It's been three years since Tom and I jointly appeared before this committee. Then we were operating on multiple extensions of SAFETEA-LU, the surface transportation bill at the time, and the clock was ticking on getting a new authorization completed. Chairman Boxer, then-Ranking Member Inhofe and members of this committee were able to craft a bi-partisan bill, MAP-21, which kept funding flowing, cut red tape to expedite and streamline projects, expanded the TIFIA program and bought us time to find a longer-term solution.

Yet here we are again today—still trying to find long-term solutions to the serious state of our surface transportation system, just one of the many infrastructure challenges facing our country today. There are just over seven months before MAP-21 expires and the DOT is speculating that the Highway Trust Fund (HTF) could run out of funding by the end of August. The clock is still ticking and the question is: What are we going to do about it?

Jobs and the economy

Reauthorization of the surface transportation bill has always been the most important jobs legislation Congress considers on an ongoing basis—and it's a big priority for us. While the economy has improved, job creation remains sluggish. The construction sector alone is down 1.6 million jobs from pre-recession levels.

Misguided austerity measures have further restricted job growth, and the state of our transportation infrastructure is holding us back from a more well-rounded and long-lasting economic recovery. We need a robust highway and transit bill now to create jobs and alleviate our infrastructure crisis—and it is a crisis—and to invest in our long-term competitiveness.

We not only need jobs, but we need good jobs. Policies such as Davis-Bacon, Project Labor Agreements, Buy America and 13(c) transit protections ensure compliance with community wage standards, and that we spend American taxpayers' money in America and create jobs through smart procurement policies. They ensure that workers' jobs, contracts, wages and benefits are not simply stripped away to produce a low bid or through privatization.

It's estimated that with each billion dollars of federal investment in our surface transportation system, we create 35,000 well-paying jobs—the type of career jobs that can support a family, a child's education, a secure retirement and a middle-class life. Our affiliates have a vast network of top quality

joint labor-management training and apprenticeship programs around the country that provide workers with the skills they need to get good middle-class jobs.

For those in Congress still seeking to push the failed austerity agenda, let me tell you this: If your house has a leaky roof, not fixing it won't save you any money. And like the leaky roof, delaying needed infrastructure investments will only cost us more in the long run.

Economic growth and global competition

An adequate level of funding for surface transportation is important for reasons beyond creating jobs, boosting the economy in the short-term and addressing safety and congestion.

Investments provided for in a well-funded, long-term surface transportation bill will spur sustainable economic growth, ensure our country's long-term economic global competitiveness and improve the quality of life of our citizens.

As I travel around the country, I can tell you that every time I see a new transit center or highway interchange, that investment is followed by real estate improvements, businesses being formed and growing and thriving communities.

It's no different in the global arena. While we wring our hands about how to sustain existing levels of funding, let alone the funding increase needed to fix our failing infrastructure, the rest of the world is moving forward.

In my previous testimony I said I had never been to China, but expected to go soon. Well, I now have been there and I was stunned at the speed at which our largest competitor is progressing.

China has been investing heavily in its infrastructure and the results are dramatic. During my trip to Shanghai, I visited the Yangshan Deep Water port, which is one of the world's largest and busiest container shipping ports. The port, like the high-speed trains that took me quickly and efficiently between China's cities, is one of the country's large infrastructure projects and a key part of the government's effort to keep up with the country's growth of exports.

To get to and from the port, I traveled on a six-lane bridge that was 20 miles long—one of the world's longest bridges, connecting Shanghai to the islands where the port is located. The bridge was completed in two and half years and employed close to 6,000 workers. Prior to the project, nothing was there but a sleepy fishing village with some islands off in the distance—no major roads, no bridges and no harbor. China opened the first phase of the project in 2004, aiming to build the world's largest port and export center—and by 2013 they had accomplished their goal.

As the President said in his State of the Union address, world-class investment follows world-class infrastructure. The Chinese know this and have acted to seize that advantage.

America can do it, too. We must do so to remain competitive—and we can do it better.

We need to think about and coordinate the multimodal aspects of our transportation system that are essential to making our economy competitive. When ships load containers at our nation's ports, they depend upon an efficient multimodal supply chain of fully dredged and deepened port facilities, seamless rail corridors and networks and safe roadways. When considering critical investments during the reauthorization of MAP-21, I urge you to think strategically about the linkage between each mode of our transportation system and how they interact with each other. Improving modal connectivity is a key piece to securing our nation's global competitiveness.

Quality of life

We must act now to alleviate the cost of wasted time and fuel caused by traffic delays and congestion. The Texas Transportation Institute estimates that the average commuter wastes 38 hours in travel delays and the fuel wasted adds \$818 to a driver's expenses each year. In total for our country, that's a staggering 600,000 *years' worth* of time wasted stuck in traffic each year, and 2.9 billion gallons of wasted fuel. And unless Congress finds the will to provide adequate funding for surface transportation, these problems will only become worse, costing citizens and businesses valuable time and money.

The Highway Trust Fund not only finances our highways, but also provides funding for our transit systems. Transit ridership is surging, and diminished federal funding has stalled plans to improve and grow services, sending even more commuters onto our already over-crowded highways. Some cities are being forced to cut service in spite of increased demand. Flexibility is needed between capital and operating accounts so transit systems can provide maximum levels of service to their customers. A well-funded transit system provides alternatives for commuters, eases highway congestion and offers lower-cost alternatives for commuters and households without vehicles.

We don't need more studies. We need action.

I didn't come here today to rehash all of the data, findings and reports on our nation's infrastructure needs. Quite frankly, the facts have been reported, studied and discussed to death. The conclusions are always the same. These investments are vital to job creation, economic growth and global competition. And it's all true.

I do want to share a few characterizations of just how big a hole we are in regarding the current state of our nation's transportation infrastructure. Since my last appearance before the committee, the situation has become even direr.

- The American Society of Civil Engineers reported in 2009 that we needed \$2.2 trillion to bring our infrastructure up to par. Its recent 2013 report showed that number soaring to an even greater deficit, pegging our investment needs at \$3.6 trillion. Clearly we are not moving in the right direction.
- The World Economic Forum Global Competitive Report of 2013-14 has downgraded its U.S infrastructure ranking, from 7th in 2008-09 to 15th today.
- The Department of Transportation now says one-third of our roads are in "poor or mediocre" condition.

- DOT also reports that one in four of our bridges is either structurally deficient or functionally obsolete.
- 100,000 bridges are now old enough to qualify for Medicare.
- The backlog for transit maintenance now exceeds \$86 billion.

What remains to be determined is whether that information will be acted on—and at what level. To answer that, we must ask ourselves what is our vision of America’s future—and what kind of country do we want to leave for our children and grandchildren.

Funding

The last time I was here I said we should consider all types funding mechanisms, from raising the gas tax to exploring new and innovative ideas. While the TIFIA program has been wisely expanded and a variety of other funding legislation has been introduced, at the end of the day here we are, still trying to figure out how to fund our transportation infrastructure, still seemingly without a consensus on how to solve our long-term funding needs.

Historically, the HTF has been funded by a user fee—currently the gas tax is at 18.4 cents a gallon. (The diesel tax is at 24.4 cents a gallon.) Those who use the system have the primary responsibility to fund it. The gas tax was last raised in 1993 when it represented 17% of the price of fuel; it now represents about 5% of the cost of fuel. Inflation has reduced the purchasing power of the revenue we collect. Further, the decline of vehicle miles travelled since 2009, coupled with more fuel-efficient vehicles, has seriously eroded the revenue coming into the trust fund.

The amount of revenue coming in falls well short of supporting current levels of investment and much further short of what’s needed. Some estimates show that we should be investing closer to \$200 billion a year. A total of more than \$41 billion has been transferred from the general fund since 2008 through the end of 2013 to keep the trust fund solvent, another \$12 billion will be transferred this year.

If this remains unchanged, an average of an additional \$15 billion per year through the year 2020, will need to be transferred from the general fund just to maintain current levels of investment. If no further funding is provided, investment funding will be reduced by 25 to 30% going forward and potentially reduced to zero in 2015 because of existing HTF obligations. A reduction in funding of \$15 billion would result in the loss of at least 535,000 jobs each year the reduction was in place.

Despite the time we’ve had over the past few years to consider funding sources, no source has emerged that is significant enough to replace the user fee-based system and provide robust and long-term dedicated funding for our surface transportation system. Given that there are only seven months before the current authorization expires and that the trust fund may become insolvent before then, it’s time for elected leaders from both sides of the aisle to come together and find a solution.

Solutions and choices

Some think government should be run like a business. But no business can remain successful by failing to invest, by settling for outdated and broken equipment or outmoded technologies and processes. Businesses have to make upgrades and invest to succeed, and so does our nation.

The Highway Trust Fund is at a crossroads. Failure to act will mean our transportation system will decay further, construction workers will stay on the bench, supply chain and transit workers will lack

steady work and our economic and global competitiveness will be harmed well into the future. We have kicked the can down the road and now have run out of road to kick it down—literally and figuratively.

Many sources of funding have been considered, including infrastructure banks, grant and loan programs, bonds, public-private partnerships and so on. Most of these ideas have limitations and cannot raise enough revenue to replace the gas tax, but if done right they certainly would help. Some, such as the TIFIA loan and loan guarantee program, have been enacted. To date, no credible near-term alternatives to replace the user fee-based system have arisen, leaving increasing the gas tax as the only realistic source that currently can collect and distribute the necessary funding. It is dedicated funding and can be administered long term—the question is how robust the funding will be.

Various commissions and groups have studied Vehicle Miles Traveled (VMT) and pilot projects are under way. The state of Oregon has been the lead on testing VMT. This approach would keep intact the historical user fee-based system and would capture users who increasingly are purchasing electric and other alternative fueled vehicles. While it's unclear if the public is ready for a VMT system in the near-term, it could become a replacement funding source in the future.

The Congressional Budget Office has laid out the stark choices facing us, which include:

- Eliminate or severely reduce federal funding for surface transportation construction.
- Raise the user fee (gas tax) or some variation of it.
- Transfer the shortfall in funding from general revenue.
- Or some combination of the above.

Congress has had more than two years to discuss and review various funding options. The time has come to figure it out and make a decision.

As you work toward reauthorizing MAP-21, I hope that short-term extensions can be avoided. Extensions don't provide the certainty needed for long-term planning and as a result have a chilling effect on projects moving forward.

Labor and business together

Labor and business come before you united on this issue. Despite our sharp disagreements on a variety of other issues, here we are. If we can come together on this, that should tell you something. You are the elected leaders and at the end of the day you will have to decide. The question to ask yourselves is what kind of country do you want us to be—not only now, but into the future.

Previous generations built an infrastructure and transportation system that was the best in the world, one that made us an economic superpower and helped to create a strong middle class. Unfortunately, it's a system we have been coasting on. The ride is now over, and we must rebuild.

To be blunt, we need to be bold. We need to act aggressively.

We need to be the America that can, not the America that can't.

Thank you and I look forward to your questions.

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Links to more labor testimony on surface transportation:

Larry Hanley, President, Amalgamated Transit Union (ATU) before the House Transportation and Infrastructure Committee 1-14-2014. <http://transportation.house.gov/uploadedfiles/2014-01-14-hanley.pdf>

Terry O’Sullivan, President, Laborers International Union of North America (LiUNA) – before the House Transportation and Infrastructure Committee 2-13-2013.
<http://transportation.house.gov/uploadedfiles/documents/2013-02-13-osullivan.pdf>

Ed Wytkind, President, Transportation Trades Department (TTD), AFL-CIO - before the House Transportation and Infrastructure Committee 4-24-2013.
<http://transportation.house.gov/uploadedfiles/documents/2013-04-24-wytkind.pdf>

Raymond Poupore, Executive Vice President, National Construction Alliance II – Before the Senate Environment and Public Works Committee 9-25-2013.
http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=f556d400-70e0-4c31-9ce5-8f08bddb6bd3

Richard Trumka, President, American Federation of Labor – Congress of Industrial Organizations (AFL-CIO) – before the Senate Environment and Public Works Committee 2-16-2011.
http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=21a05273-b7e5-4d23-90a7-51504d24d4cd