

**Testimony of
Raymond J. Poupore
Executive Vice President
National Construction Alliance II**

**Environment and Public Works Committee
United States Senate
“The Need to Invest in America’s Infrastructure
and Preserve Transportation Funding”
September 25, 2013**

Thank you, Chairman Boxer, Ranking Member Vitter, and distinguished members of the Environment and Public Works Committee.

My name is Raymond J. Poupore. I am the Executive Vice President of the National Construction Alliance II – a partnership between two of the nation’s largest construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners of America. The two unions of the Alliance represent nearly one-million workers – many of whom build the nation’s transportation infrastructure.

I am a proud member of Operating Engineers Local 324 in Michigan, where I was a crane operator for thirteen years. I currently have the distinct privilege of conducting labor relations for the two unions of the Alliance on some of the nation’s largest transportation infrastructure projects, from Woodrow Wilson Bridge and Dulles Light Rail here in the Capital area to the Tacoma Narrows Bridge and the Alaskan Way Viaduct in the Pacific Northwest.

Please let me turn now, Chairman Boxer, to the crisis that brings us here today. The Highway Trust Fund faces a steep cliff on October 1, 2014. If the Highway Trust Fund is allowed to go over the edge, the harm to the construction sector will be irreparable. Given the critical role that the Environmental and Public Works Committee played in driving the bipartisan effort to pass the last 27-month authorization, the Moving Ahead for Progress in the 21st Century (MAP-21), we are again looking for your leadership to stave off the dramatic harm that could be inflicted on the construction sector if new resources are not found to fill the funding gap.

The NCA II believes that investing in American infrastructure is an essential element of a national strategy to boost our economy. Without it, the NCA II is concerned that the construction sector will hit new lows, dragging down other sectors with it.

The unemployment rate in construction peaked at over 27% in February 2010. That is a depression-era level of unemployment. I have attached a graph to my testimony to give you a look at the damage done to the construction sector and the workers in it. You can see that employment levels in the construction sector seem to have bottomed out, but we are still in the trough; there has been only the slightest uptick in employment levels. Unfortunately, the data reveals what appears to be a new normal in the industry. The situation must not be allowed to worsen. We cannot plunge below the new, low normal.

It is true that the unemployment rate in construction hit a five-year low in August at 9.1%. Yet the method of calculating that unemployment rate masks the real pain experienced by workers in the construction job market, the real pain I've seen in the faces of workers when they are laid off.

The last time the unemployment rate was so low (August 2008) there were well over 7-million jobs in the construction sector. Today, there are less than 5.8-million workers in the industry. Almost 1.7-million workers – close to one-quarter of the whole industry – have left construction since the start of the Great Recession in December 2007.

As you know, those are not simply numbers on a chart. Those are the lives of hard-working Americans, hardworking Operating Engineers, Carpenters, and other workers, both union and non-union. They are your friends, your neighbors and your constituents. And when they are hurting, our communities and our economy are hurting.

Simply put, this battered industry cannot sustain the type of blow that would be inflicted if Congress fails to enact a multi-year, fully-funded surface transportation bill when MAP-21 sunsets. Congress cannot allow the Highway Trust Fund to deliberately run off the cliff like Thelma and Louise. The effect on employment in the construction industry would be catastrophic.

The frequently cited analysis by the Federal Highway Administration regarding employment impacts related to highway investments says that over 2/3 of the direct jobs created by a transportation investment are in construction. The same Federal Highway Administration study estimates that around 10,000 *direct* construction jobs are created with every \$1-billion invested in transportation.

Every job counts in our beleaguered industry and we are risking the loss of tens of thousands more construction jobs if the surface transportation funding puzzle is not solved.

NCA II is open and receptive to a whole range of revenue and financing options that we believe should be pursued by the Finance Committee to remedy this crisis. The

following are just a few options that transportation leaders in Congress should consider to fix the hole:

- We believe Congress should allow states more flexibility in opening up new transportation revenue streams, including a lifting of the ban on tolling for new capacity. In addition, programs such as the vehicle miles traveled tax (VMT) and other pilot projects should be supported over the duration of the next authorization to explore the viability of these revenue sources.
- We believe that bonding some part of the dedicated revenue stream for the Highway Trust Fund may be a useful way to sustain the program.
- We believe that in order to achieve the needed level of infrastructure investment, a gas tax increase is necessary. At an absolute minimum, as a long-term strategy, the gas tax must be indexed as part of the solution.
- We believe linking the revenues from existing domestic energy production with investments in the nation's infrastructure makes long-range policy sense. Even leaving controversial issues like expanding drilling and the exploration of the OCS and Arctic National Wildlife Refuge aside, depositing energy revenue in the Highway Trust Fund binds important trends in energy consumption, production, and transportation. The concept also enjoys bipartisan support.

The nation's roads and bridges are crumbling before our eyes. Millions of American construction workers have left the industry for lack of opportunity. We cannot afford to lose more construction jobs. Yet without a solution to the problems in the Highway Trust Fund, that is precisely what will happen. The passage of a robust, multi-year transportation bill will staunch the bleeding and give the industry a much needed shot in the arm.

You have the power to make this happen. But it will require leadership. This committee demonstrated that type of leadership in the last Congress. We are eager to continue to work with you in this 113th Congress to remedy an even bigger problem and, indeed, save the program.

Thank you, Senator Boxer, for the opportunity to join you this morning.



Construction Employment

(Employment in Thousands - Seasonally Adjusted)

