Hearing of the U.S. Senate Committee on Environment and Public Works

Written Testimony of Los Angeles Mayor Antonio R. Villaraigosa

July 21, 2011

Thank you Chairman Boxer, Ranking Member Inhofe, and members of the Senate Committee on Environment and Public Works for the opportunity to testify before you today.

I know I speak for my fellow mayors around the country, Democrat and Republican, when I say that this is a critical moment for our nation. With the very future of federal investment in our transportation infrastructure in question, we're standing at a generational crossroads, and we must think carefully before we choose a path.

It's important to remember, we've faced similar forks in the road. Since 1992, with the Interstate highway system built out, an era of construction that began in 1956 has ended and Congress has been grappling with the question: What next?

As we all know, the national highway network was one of our country's greatest success stories. It connected our markets to the world and won huge economic gains for the whole country, urban and rural. It also ensured a continuing, strong national defense network.

Today Congress faces the same challenge: What now?

What role does the federal government need to play in the maintenance and development of our transportation infrastructure?

More to the point, what improvements do we need to make to our infrastructure to maintain our position as the premier economy in the globalized competition for jobs?

The economic stakes of this committee's answer to this question are, to put it plainly, profound.

In the Los Angeles region, where we unload and transport 41 percent of the nation's shipping cargo, we can testify firsthand: Worldwide competition is demanding greater investment in our infrastructure just to remain competitive – not less.

And yet, in my city, we continue to grapple with growing traffic congestion and the impact this has on mobility and jobs.

Take it from an Angeleno, congestion is a job-killer.

When our infrastructure functions efficiently, employers, big and small, expand their businesses; when congestion and other constraints choke the movement of people and goods, our employers pull up stakes.

We see this in Southern California every day, where there are many benefits for businesses -- an educated and skilled workforce, a substantial highway and rail network and a strong logistics network to support the movement of raw materials and finished products. But our aging infrastructure network suffers famously from capacity constraints and congestion.

The members of this committee know this well. Our cities are the heart, lungs and muscle of the nation's economy.

Our metro areas generate some 90% of our gross domestic product. Next year, they'll account for 86% of all new jobs.

The current extension of the surface transportation bill expires on September 30. The clock is ticking, and we are at a critical fork in the road.

We can put people back to work and make an investment in the infrastructure our nation – and our cities - desperately need to stay competitive, or we can go backward and fall behind.

That is why I support the approach put forward by this Committee because it maintains current funding levels. Any reduction in funding to our nation's transportation programs will deal a devastating blow to local projects, local jobs and the national recovery.

According to an analysis by the Federal Highway Administration, a 30% cut to transportation funding would result in a half-million Americans losing their jobs in 2012 in the highway program alone. An additional 130,000 would lose their jobs due to cuts in transit programs.

We have a crumbling infrastructure system, with over 70,000 of our nation's bridges classified as structurally deficient. The American Society of Civil Engineers study gave our infrastructure a “D” rating, citing $2.2 trillion in unfunded investment needs.

With China investing in infrastructure at four times the rate we are**,** we can’t keep building bridges in Kandahar but not Kansas City.

The American people need and deserve world-class infrastructure. What’s more, the nation’s mayors believe that creating jobs and building transportation infrastructure is, can and should be a bipartisan issue.

We are pleased that our bipartisan America Fast Forward proposal has been included in both the House and Senate bills.

At its simplest – America Fast Forward is a new way for the federal government to continue to play a critical role in ensuring that we achieve the national goals I have spoken of earlier. The only difference between the 1950s and now is that rather than relying principally on federal grants, state and local governments will have a larger responsibility to finance and pay for their infrastructure. And the federal government needs to provide the necessary financing tools through a new category of tax-preferred transportation bonds and through low-interest loans.

Madam Chair, your committee has identified the TIFIA program as a structure we can adapt for the future to provide flexible low-interest long-term loans for large capital projects and we applaud you for your leadership on this issue.

According to the Los Angeles County Economic Development Corporation, your committee’s proposal to increase TIFIA’s budget authority to $1 billion

annually has the power to create 500,000 jobs in just two years, and well over 1 million jobs over a six year period. As we are all keenly aware, we are faced with anemic job growth. In May, our national economy added only 25,000 jobs and last month that figure dipped to an even more unacceptable level - with only 18,000 jobs created nationwide.

Given that the U.S. economy generally needs to add 125,000 jobs every month simply to keep up with population growth and approximately 250,000 jobs per month to actually bring down our national unemployment rate, the TIFIA proposal you are advancing is just what America needs to get our people back to work.

The second piece of the America Fast Forward initiative is just as critical and without it, we will not reach our national goals in this environment of limited federal resources. That is the creation of a new category of qualified tax credit bonds for transportation infrastructure. These instruments would allow a larger portion of private investors to invest their resources in assets important to our country's economy, while achieving a reasonable rate of return.

I am pleased that the bill unveiled by the Environment and Public Works Committee, under your leadership Chairman Boxer and Ranking Member Inhofe, includes key elements of the America Fast Forward initiative.

America Fast Forward began with 113 bipartisan mayors and has won the support of a wide range of business, labor, and environmental leaders and organizations. This includes support from national leaders such as Thomas Donohue, President and CEO of the U.S. Chamber of Commerce, and Richard Trumka, President of the AFL-CIO.

It will not only increase the pace of job creation, it will give taxpayers more bang for their investment buck by taking advantage of current construction costs. The Phoenix-Mesa, Arizona region will be able to fully fund its program to develop 27 miles of light rail in the next few years — as opposed to the next twenty. In Los Angeles, we can expedite nearly fifteen billion in locally funded transit projects, creating jobs now instead waiting thirty years.

It's also important to note. Financing programs are not earmarks. At a time of limited federal financing, the program creates incentives for local jurisdictions to raise local revenue for local projects. Surely that's the kind of federalism Democrats and Republican can get excited about.

Finally, I want to stress: Mayors understand the political and budgetary realities. In the coming years, the federal role must change from one of being the primary financier and developer of all infrastructure to one where, prudent federal policy will target investments to better connect workers to their jobs and goods to markets.

In the coming years, we must ***invest*** in targeted capacity expansions, new technologies and smarter, more efficient upgrading of existing infrastructure to get the most out of what we have. Working smarter with what we have is the challenge and again the federal role will be critical to achieving this goal.

I understand the calls of those who want to diminish the Federal government's role in building a strong and sustainable highway and transit system; some even argue for complete devolution of the federal role in transportation. I understand the need to cut – but we must be sure that we do not cut off our nose to spite our face.

Members of this distinguished committee, we cannot afford to allow our surface transportation system to fall behind the rest of the world.

Our vast, comprehensive transportation network remains one the nation's chief competitive advantages. Now is the time to reinvest in our physical plant -- to retool America for the competitive global marketplace.

Working with Chairman Boxer and Ranking Member Inhofe over the past year has been a incredibly positive experience, because both of you are so focused on what the American people want – which is more mobility and more private sector jobs for unemployed Americans who have lost their piece of the American Dream.

I encourage you to move forward with this critical legislation and to pass a transportation reauthorization bill as quickly as possible.

Thank you again for the opportunity to testify before your committee today.