NATIONAL ASSOCIATION OF Manufacturers

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Testimony

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before the Senate Committee on Environment and Public Works

on MAP-21 Reauthorization: The Economic Importance of Maintaining Federal Investments in Our Transportation Infrastructure

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COMMENTS OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

BEFORE THE

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

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Chairman Boxer, Ranking Member Vitter and members of the Senate Committee on Environment and Public Works, on behalf of the National Association of Manufacturers (NAM), the nation's largest manufacturing trade association and the voice for more than 12 million men and women who make things in America, thank you for the opportunity to testify about the importance of federal investments in our transportation infrastructure.

The NAM is committed to achieving a policy agenda that helps manufacturers grow and create jobs. Manufacturing in the United States contributes $2.03 trillion to the economy, providing 12.5 percent to our nation's GDP. More importantly, manufacturing supports an estimated 17.4 million jobs in the United States—about one in six private-sector jobs. In 2012, the average manufacturing worker in the United States earned $77,505 annually, including pay and benefits—22 percent more than the rest of the workforce.

Manufacturers rely on our nation's vast interconnected network of roads, railways, airports, inland waterways and ports to support and supply every sector of the economy. While many of our members predominantly depend on motor carriers to deliver finished products to their customers, manufacturers rely on air freight to deliver time-sensitive and high-value cargoes, railroads for raw materials and finished products, inland waterways for bulk-sized movements and seaports for access to overseas markets.

The health of our nation's transportation network matters to manufacturers. Transportation infrastructure carries the weight of the economy and helps sustain long-term economic prosperity. Unfortunately, I hear concerns about the state of our infrastructure from NAM members constantly, regardless of their size or sector. From the world's largest multinationals to family businesses up and down Main Streets across America, everyone recognizes that our aging infrastructure poses a competitiveness problem.

The NAM urges lawmakers to address these challenges, but we are concerned that calls for increased investments are met with skepticism and a reluctance to do what is necessary to boost investments in our infrastructure. Manufacturers are counting on Congress to fulfill its well-established responsibility of facilitating commerce in the United States. With a 20 percent cost disadvantage to doing business in the United States, investment and improvements to our nation's transportation infrastructure are critical to manufacturers' ability to compete and create jobs.

Last year, the NAM partnered with Building America's Future to survey manufacturers about their perspectives on the state of U.S. infrastructure. The results quantified manufacturers' concerns about the condition of our nation's infrastructure and underscored that infrastructure is essential to manufacturing competitiveness. Some 70 percent of 400 surveyed manufacturers told us that American infrastructure is in fair or poor shape and needs a great deal or quite a bit of improvement. There was a unanimous view that not one sector of infrastructure is performing at a pace to keep up with the needs of business.

Two-thirds doubt that infrastructure is positioned to respond to the competitive demands of a growing economy. The survey results pointed to a wide recognition among our membership that America's infrastructure continues to rest on a legacy of past investments and can and should be improved.

Moving Ahead for Progress in the 21st Century (MAP-21) represented an important step that met a short-term objective and began the effort to implement key surface transportation policy reforms. However, as the next surface transportation authorization is developed, manufacturers encourage Congress to focus on infrastructure investment as a long-term strategic objective that seeks to address the persistent challenges that are already well-documented and recognized by the public as problems facing our transportation system.

Our nation's aging bridges remain a significant problem, and according to the U.S. Government Accountability Office, bridge conditions have experienced "limited improvement" over the past decade, and "substantial numbers of bridges remain in poor condition." Of the 607,380 bridges in the United States, one in four was classified as deficient.[1] However, the real challenge is funding, and problems will become more pronounced in the years ahead as bridges built in the 1950s, '60s and '70s continue to age. Bridge replacements are costly and can exhaust state department of transportation resources for years on end, but these structures are critical to moving daily commerce and keeping manufacturers competitive.

It's obvious to every driver that many of America's roads are in poor or mediocre condition. A "D+" grade from the American Society of Civil Engineers only further articulates how Americans feel about our nation's infrastructure. Yet, in spite of the poor conditions many of us face on a daily drive or transit ride to work, we seem to have resigned ourselves to the fact that congestion and deteriorating infrastructure are like the weather—something we cannot control. As a country, we cannot afford to throw our hands up in the air. We know that freight tonnage will increase 88 percent by 2035, port volumes will double by 2020, and passenger miles traveled will increase 80 percent in

[1] U.S. Government Accountability Office, "Limited Improvement in Bridge Conditions over the Past Decade, but Financial Challenges Remain," June 13, 2013.

30 years.[2] The U.S. Travel Association recently examined 16 key interstate corridors nationwide and concluded that Labor Day weekend traffic would become the new normal in some places within the next 10 years if nothing changes.

With these stark projections, we cannot ignore the fact that a journey—whether it's a delivery to a customer, a vacation or an important business meeting—usually begins or ends somewhere on our nation's roads. Modern, world-class roads are needed to support our ports, freight rail and aviation—these modes of transportation are all inextricably linked, and manufacturers appreciate the competitive advantages of a safe and efficient transportation network.

The President's State of the Union address acknowledged that delays in getting infrastructure projects off the drawing boards and into the construction phase continue to be an ongoing challenge. We agree, and while MAP-21 developed important reforms to expedite highway and transit project reviews, the next authorization must continue to build upon the success of MAP-21 environmental streamlining provisions and make improvements where efficiencies have not materialized.

Private investment is not as patient as funding from the public sector. As we seek to encourage additional transportation investments from both public and private sources, efficient federal reviews are critical to ensure funding does not evaporate. Manufacturers are vital suppliers to the transit and road-building industry, providing rolling stock, engines, concrete, machinery, aggregates, barriers, signs, safety equipment and other materials. Every dollar spent in construction generates 39.5 cents in manufacturing. When a transportation project can't get off the ground because of a lack of funding or bureaucratic delays, opportunities and jobs are lost.

Congress must take the next steps and return to a fully funded, multiyear surface transportation authorization that offers support for infrastructure projects that improve

[2] Building America's Future, "Falling Apart and Falling Behind," 2012.

safety, facilitate trade and create jobs. Equally important, Congress must bring the federal Highway Trust Fund to an improved condition of solvency and long-term sustainability. Securing the financial health of this main funding mechanism for the nation's highway and transit systems must be a priority. The need to keep the Highway Trust Fund solvent extends far beyond state departments of transportation and road builders. Funding for roads, bridges and transit systems provides great value and represents an investment in our economy and global competitiveness.

The deteriorating condition of our surface transportation infrastructure and the $101 billion cost associated with traffic congestion are not problems the federal government can avoid or leave to the states to resolve on their own. Without question, transportation helps keep our economy moving, and we need every sector of our economy functioning to maintain growth. Our global competitors in Asia and the European Union already heavily invest public and private resources in infrastructure. To help keep American businesses and manufacturers competitive, we must do better than the status quo and allocate more resources toward infrastructure spending.

While Congress must thoroughly discuss and evaluate new models, strategies and financing options, manufacturers believe the Highway Trust Fund continues to provide a reliable source of funding to states for roads, bridges and transit systems. These transportation investments directly benefit all Americans and move in tandem with the goals of economic growth and increased competitiveness.

For NAM members, access to a reliable and cost-effective transportation network by land, sea and air is critical to reaching customers here and abroad. There is a long road ahead of us, but I'm confident that we will succeed. Chairman Boxer, thank you for the opportunity to testify today, and I will be happy to respond to any questions.

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