

Testimony of
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Infrastructure, Safety, and Security
United States Senate

“Surface Transportation Reauthorization:
Local Perspectives on Moving America”
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Thank you for the opportunity to join you this afternoon, Chairman Blumenthal, Ranking Member Blunt, and distinguished members of the Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security.

My name is Raymond J. Poupore. I am the Executive Director of the National Infrastructure Alliance – a coalition of four of the nation’s largest construction unions, the International Union of Operating Engineers, the Laborers’ International Union of North America, the International Association of Bridge, Structural, Ornamental, and Reinforcing Ironworkers, and the United Brotherhood of Carpenters and Joiners of America. The four unions of the Alliance together represent over 1.5-million workers – many of whom build the nation’s transportation infrastructure.

I have the honor of managing labor relations for the four unions of the Alliance on some of the nation’s largest transportation infrastructure projects – projects that span the array of transportation modes. From the Woodrow Wilson Bridge in the Capital area to the Tacoma Narrows Bridge in the Pacific Northwest. From Tappan Zee Bridge to the Bay Bridge. We build the rail lines and light rail systems. Sound Transit’s regional system in the Pacific Northwest to the first phase of Dulles Light Rail in Northern Virginia. We build the nation’s locks and dams, including the construction that is currently underway at Olmsted Lock and Dams. The Operating Engineers dredge the nation’s harbors and inland waterways. The unions I proudly represent build the nation’s multi-modal hubs, train stations, and large-scale freight infrastructure. In short, the four craft unions I’m

proud to represent build much of the transportation infrastructure we see today in the United States and Canada.

Construction workers and members of the unions of the Alliance, in particular, pay their mortgages, buy their cars, and purchase their family health care through the paychecks they earn building all modes of surface transportation, and we appreciate you giving the National Infrastructure Alliance the opportunity to bring you an industry perspective on the critically important work you do to create jobs by investing in surface transportation.

To underscore just how important transportation investments are to the industry, please allow me to remind you of the employment numbers. The Federal Highway Administration estimates that over two-thirds of the direct jobs created by a transportation investment are in construction. About 10,000 *direct* construction jobs are created with every \$1-billion invested in a highway project. While every project is different, particularly as we look across transportation modes, requiring varying levels of labor from the different crafts, the estimates are roughly consistent across modes. Your investments employ thousands of NIA members. There is nothing more important to the employment prospects of NIA members than a robust federal surface transportation bill.

Please let me turn now, Chairman Blumenthal, to the crisis that brings us here today. As we know, the Highway Trust Fund faces a steep cliff on October 1, 2014. It appears that the Highway Trust Fund will be unable to meet its obligations even sooner, perhaps as soon as July, forcing the Department of Transportation to withhold payments to States, with a ripple effect to construction contractors and, potentially, to workers.

If the Highway Trust Fund is allowed to go over the edge, the harm to the construction sector will be irreparable. The National Infrastructure Alliance respectfully and strongly encourages your committee to join the bipartisan effort to reauthorize the Moving Ahead for Progress in the 21st Century (MAP-21) and stave off the dramatic harm that could be inflicted on the construction sector and beyond if new resources are not found to fill the funding gap. We implore you to quickly move on the freight title in your committee's jurisdiction and send the reauthorization to the Senate Floor.

The National Infrastructure Alliance (NIA) believes that investing in American infrastructure is an essential element of a national strategy to boost our economy at the local level, project by project, simultaneously creating job opportunities for construction workers and enhancing the nation's global competitiveness. The NIA is concerned that without meaningful, long-term investments in surface transportation infrastructure the construction sector will drag down the performance of the broader economy, causing significant damage beyond the already decimated industry, reducing demand for heavy equipment, steel, aggregate, and other related products.

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 since December 2007, the formal start of the Great Recession. You can see that employment levels in the construction sector bottomed out in winter 2010-2011. While we are gradually seeing some growth, we are still in the trough. Unfortunately, the data reveals what appears to be a new normal in the industry.

The unemployment rate in construction is still at 9.4%, more than three points higher than the overall economy. While that unemployment rate is too high, it is dramatically improved over the same time four years ago when it was almost 22%. There are roughly 1.5-million fewer workers in the construction industry today than there were in start of the Great Recession in December 2007 – that’s about one-fifth of the whole industry.

The situation must not be allowed to worsen. Failing to reauthorize the surface transportation law – and more immediately to fill the hole in the Highway Trust Fund – would dramatically worsen the construction sector employment picture. Simply put, this battered industry cannot sustain the type of blow that would be inflicted if Congress fails to enact a timely multi-year, fully-funded surface transportation reauthorization. Further, the crisis in the Highway Trust Fund demands immediate congressional attention and intervention. Congress cannot allow the Highway Trust Fund to fail to meet its obligations to the states. The effect on employment in the construction industry would be catastrophic. 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.

It is worth pointing out that these are family-sustaining jobs. The average hourly wages for production and non-supervisory workers in the “heavy and civil engineering” subsector of construction is \$25.33 – almost five dollars higher than average wages for production workers throughout the private sector. Members of the four unions generally earn higher than the average wage in the sector, and they also earn retirement and health care benefits.

Please allow me now to shift gears, taking you from the description of what is at stake if we fail to take action to some of the action you will have to take – must take – in order to avoid self-inflicted economic harm.

We know that the Finance Committee is going to have to wrestle with these difficult funding questions. The funding gap is substantial, estimated at roughly \$15 billion a year. But what is clear is that we *must* solve the problem. The National Infrastructure Alliance has long supported the U.S. Chamber of Commerce’s preferred revenue option – the gas tax. Yet Congress and the Administration to date have been unwilling to raise the user fee. Inflation has swallowed up purchasing power since the last time the gas tax was

raised over twenty years ago. Twenty years. The NIA believes that it is necessary to index the gas tax to inflation.

It is also clear that spending is not the problem. MAP-21 only brought more discipline to spending in surface transportation. The legislation marked up in Environment and Public Works this morning does not spend too much. Indeed, it is not nearly enough, at least from the NIA perspective. We are receptive to a whole range of revenue and financing options that we believe should be pursued by the Finance Committee to remedy this crisis, and we are prepared to work with this Congress to build support for a revenue package.

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 simply 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 slow the bleeding and give the industry a much needed shot in the arm.

A fully-funded, multi-year surface transportation reauthorization is a top priority for the Carpenters, Ironworkers, Laborers, and Operating Engineers. You have the power to make this happen. But it will require leadership. We strongly urge you to follow the bipartisan lead of the Environment and Public Works Committee. Their markup builds momentum to solve this crisis. We are eager to continue to work with you in this 113th Congress to remedy an even bigger problem and, indeed, save the Highway Trust Fund. Thousands of our members are out of work and are desperately looking to Washington for leadership, so that they can get back on the job. It's time for Congress to do its work, so that we can do our work building America's transportation system.

Thank you, Chairman Blumenthal, for the opportunity to join you this afternoon. We sincerely appreciate it.