INFRASTRUCTURE INVESTMENT: ENSURING AN EFFECTIVE ECONOMIC RECOVERY PROGRAM

(111–2)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

JANUARY 22, 2009

Printed for the use of the
Committee on Transportation and Infrastructure

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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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James W. Coon II, Republican Chief of Staff

January 21, 2009

SUMMARY OF SUBJECT MATTER

TO: Members of the Committee on Transportation and Infrastructure

FROM: Committee on Transportation and Infrastructure Staff

SUBJECT: Hearing on "Infrastructure Investment: Ensuring an Effective Economic Recovery Program"

PURPOSE OF HEARING

On Thursday, January 22, 2009, at 10:00 a.m., in room 2167 Rayburn House Office Building, the Committee on Transportation and Infrastructure will hold a hearing to examine how infrastructure investment contributes to job creation and economic recovery. The hearing will address infrastructure across the Committee's jurisdiction, including highways, bridges, public transportation, rail, aviation, ports, waterways, wastewater treatment facilities, and Federal buildings.

BACKGROUND

Adequate investment in our transportation and other public infrastructure is critical to our nation's economic growth, our competitiveness in the world marketplace, and the quality of life in our communities. Despite the importance of these investments, many of our nation's infrastructure needs are going unmet.

At the same time, unemployment is skyrocketing. According to the Bureau of Labor Statistics ("BLS"), as of December 2008, there are 11.1 million unemployed persons in the U.S., for all sectors of the economy combined. In addition, when part-time and discouraged workers who want full-time jobs are included, the number of unemployed/under-employed workers increases to 21.7 million. The unemployment rate in December 2008 was 7.2 percent -- the highest it has been in 15 years.

The construction sector has been particularly hard-hit. According to the BLS, as of December 2008, there are 1,438,000 unemployed construction workers in the nation, and the unemployment rate in construction is 15.3 percent -- the highest unemployment rate of any industrial sector. In addition, the construction market is shrinking dramatically. The construction market is experiencing the biggest sustained decline in construction in at least four decades.

Within the overall construction sector, seasonally adjusted employment in heavy and civil engineering construction[1] has fallen in each of the past 14 months, from 999,500 in October 2007, to 907,500 in December 2008, a loss of 92,000 jobs. Heavy and civil engineering construction employment is now the lowest it has been since August 2004.

An October 2008 report by McGraw-Hill Construction estimates the value of new construction projects will fall to $515 billion in 2009, down seven percent from 2008, and 25 percent below its peak of $690 billion in 2006.[2] This estimate includes a four percent decline in highway and bridge construction, to an estimated $50 billion in new projects, and a five percent decline in environmental public works, to an estimated $35 billion in new projects. Until recently, construction of hospitals, roads, schools and offices had remained relatively strong, despite a decline in residential housing construction. However, according to the report, States are suffering lower tax revenue, and financing for projects has become prohibitively expensive or unavailable at any cost as banks restrict lending. The result is the biggest sustained decline in construction in at least four decades.

Many have argued that including infrastructure investment in a jobs creation and economic recovery initiative addresses both the skyrocketing construction unemployment and our crumbling infrastructure simultaneously. Infrastructure investment creates family-wage, construction jobs that are needed in the near-term. It also helps address our infrastructure investment needs and produces long-term benefits in terms of economic productivity and growth to increase the United States' global competitiveness.

I. Infrastructure Investment Needs

The National Surface Transportation Policy and Revenue Study Commission recently examined investment needs for all modes of surface transportation (highways, bridges, public transit, freight rail, and intercity passenger rail). The Commission's report identifies a significant surface transportation investment gap, and calls for an annual investment level of between $225 and $340 billion -- by all levels of government and the private sector -- over the next 50 years to upgrade all modes of surface transportation to a state of good repair. The current annual capital investment from all sources in all modes of surface transportation is $85 billion.

For highways and bridges, the Department of Transportation's 2006 Conditions and Performance Report indicates that a total investment by all levels of government of $78.8 billion (in constant 2004 dollars) is needed annually to maintain our highway and bridges in their current condition. To improve the overall condition of highways and bridges, a

[1] This term includes highway, street, and bridge construction; utility system construction; land subdivision construction; and other heavy and civil engineering construction.

[2] This forecast is based on McGraw-Hill's tracking of new construction projects, including the issuance of building permits.

combined investment of $131.7 billion (in constant 2004 dollars) is needed each year. According to the Department of Transportation ("DOT"), the annual investment gap is $8.5 billion to maintain our current systems and $61.4 billion to begin to improve highway and bridges.[3]

According to DOT's 2006 Conditions and Performance Report:

- Only 42.2 percent of travel on roads for which data are available occurred on pavements with "good" ride quality;
- 13.1 percent of highway bridges are classified as structurally deficient; and
- 13.6 percent of highway bridges are classified as functionally obsolete.

For transit, DOT's 2006 Conditions and Performance Report indicates that a total investment by all levels of government of $15.8 billion (in constant 2004 dollars) is needed annually to maintain transit systems at their current condition and level of performance. To improve the overall condition and performance of transit systems, a combined investment of $21.8 billion (in constant 2004 dollars) is needed each year. According to DOT, the annual investment gap is $3.2 billion to maintain our transit systems and $9.2 billion to begin to improve our transit systems.[4]

According to DOT's 2006 Conditions and Performance Report:

- Over one-half of all urban rail transit stations are substandard;
- One-third of our nation's bus maintenance facilities are substandard;
- 16 percent of elevated transit structures are substandard;
- 13 percent of underground transit tunnels are substandard; and
- 8 percent of transit track is substandard.

For freight rail, DOT estimates that the demand for rail freight transportation—measured in tonnage—will increase 88 percent by 2035. A study conducted by Cambridge Systematics, Inc. estimates that an investment of $148 billion (in 2007 dollars) for infrastructure expansion over the next 28 years is required to keep pace with economic growth and meet DOT's forecast demand. Of this amount, the Class I freight railroads' share is projected to be $135 billion and the short line and regional freight railroads' share is projected to be $13 billion. Without this investment, 30 percent of the rail miles in the primary corridors will be operating above capacity by 2035, causing severe congestion that will affect every region of the country and potentially shift freight to an already heavily congested highway system.

The railroad industry is extraordinarily capital intensive. The Class I railroads anticipate that they will be able to generate approximately $96 billion of their $135 billion

[3] According to DOT's 2006 Conditions and Performance Report, Federal, State, and local capital expenditures for highways and bridges totaled $70.3 billion in 2004. This is $8.5 billion less than the annual expenditure needed to maintain highways and bridges, and $61.4 billion less than the annual expenditure needed to improve highways and bridges.

[4] According to DOT's 2006 Conditions and Performance Report, Federal, State, and local capital expenditures for transit totaled $12.6 billion in 2004. This is $3.2 billion less than the annual expenditure needed to maintain transit systems, and $9.2 billion less than the annual expenditure needed to improve transit systems.

share through increased earnings from revenue growth, higher volumes, and productivity improvements, while continuing to renew existing infrastructure and equipment. This would leave a gap of $39 billion or about $1.4 billion per year.

For intercity passenger rail, the Passenger Rail Working Group for the National Surface Transportation Policy and Revenue Study Commission reported in 2007 that the total capital cost estimate for re-establishing the national intercity passenger rail network between now and 2050 is $357.2 billion (in 2007 dollars), for an annualized cost of $8.1 billion.

Increased investment in our airport infrastructure is also necessary to maintain a safe and efficient aviation system. The Federal Aviation Administration's National Plan of Integrated Airport Systems (2009-2013) estimates that there will be $49.7 billion of AIP-eligible projects during the next five years -- an increase of 21 percent compared to the last NPIAS that the FAA issued two years ago. Additional funds are needed to allow the AIP program to keep pace with inflationary cost increases and meet airport safety and capacity needs.

Estimates of the nation's clean water infrastructure needs over the next 20 years exceed $400 billion. The needs are especially urgent for areas trying to remedy the problem of combined sewer overflows and sanitary sewer overflows and for small communities lacking sufficient independent financing ability. Drinking water infrastructure needs are estimated at nearly $500 billion over the next 20 years. Current spending by all levels of government is one-half of the estimated needs.

High quality drinking water and wastewater treatment are critical to protecting human health and the environment. The Congressional Budget Office estimates that there is an annual investment need of between $11.6 billion and $20.1 billion to ensure a safe, clean supply of drinking water, and an additional need of an annual investment of between $13 billion and $20.9 billion in wastewater treatment. Given current funding levels from all sources, there is an annual investment gap for wastewater and drinking water infrastructure of between $3 billion and $19.4 billion.

There are 772 communities in 33 states and the District of Columbia with a total of 9,471 identified combined sewer overflow problems. Combined sewer overflows contribute to the ongoing contamination of the nation's waters by releasing approximately 850 billion gallons of raw or partially-treated sewage annually. In addition, the Environmental Protection Agency ("EPA") estimates that between 23,000 and 75,000 sanitary sewer overflows occur each year in the United States, releasing between 3 to 10 billion gallons of sewage per year. The EPA estimates that more than $50.6 billion is necessary to address combined sewer overflow problems, and an additional $88.5 billion to address sanitary sewer overflows.

With trade expanding and highways and railways congested, efficient water navigation must be provided and maintained through the ports and waterways constructed and maintained by the Army Corps of Engineers. The vast array of navigation and flood damage reduction infrastructure is important to the nation's economy, but this infrastructure has suffered from many years of inadequate funding for maintenance and replacement. The capital stock value of Corps water resources infrastructure has been decreasing since the late 1970s. Significant increases in investment for maintenance of existing facilities and the construction of modern ones are urgently needed.

II. Impact of Inadequate Investment

The impact of inadequate infrastructure investment is being felt in a variety of ways, most notably through a significant increase in congestion.

Road congestion has become a major national problem. According to the Texas Transportation Institute's 2007 Urban Mobility Study, traffic congestion in the nation's 437 urban areas continues to increase. Congestion now occurs during longer portions of the day and delays more travelers and goods than ever before.

As congestion increases, so does the cost it imposes both on our economy and on motorists. In 2005, traffic congestion cost urban motorists $78.2 billion in terms of wasted time and fuel, compared to $73.1 billion in 2004, and just $14.9 billion in 1982.[5] This level of congestion equates to an average annual cost per traveler of about $710 in 2005, up from $680 in 2004, and $260 in 1982. The hours of delay and gallons of fuel consumed due to congestion are only the elements that are easiest to estimate. The effect of uncertain or longer delivery times, missed meetings, business relocations, and other congestion impacts are not included in this estimate.

Congestion has increased in the air, as well. In 2007, air travelers experienced the highest number of delayed flights – 1.8 million – in the 13 years since DOT has collected such data. The Federal Aviation Administration ("FAA") predicts that, absent needed improvements to the aviation system, including the modernization of the air traffic control system, delays will increase by 62 percent by FY 2014.

According to the Commission on the Future of the U.S. Aerospace Industry, estimates of the cost of aviation delays to the U.S. economy range from $9 billion in 2000 to more than $30 billion annually by 2015. Without improvement, the combined economic cost of delays from 2000-2012 will total an estimated $170 billion.

Delays are also increasing on our inland waterways, which contain a series of outdated and antiquated locks and dams that, unless rehabilitated, replaced or expanded, will continue to hinder the movement of coal, grain, and other bulk products. Fifty-three percent of the lock chambers on the system have exceeded their 50-year design lives. With trade expected to increase, delays are likely to continue to rise with increased traffic using the aging inland waterway system.

Inadequate infrastructure investment is also putting our environment at risk. Communities throughout the United States continue to struggle financially to meet their ever-increasing wastewater treatment infrastructure needs. The EPA has reported that a failure to increase investment in wastewater treatment infrastructure would erode many of

[5] In constant 2005 dollars.

the water quality achievements of the past 30 years.

III. Economic Recovery Legislation

A. H.R. 7110, Job Creation and Unemployment Relief Act of 2008

To create jobs while at the same time meeting important infrastructure investment needs, the House passed the Job Creation and Unemployment Relief Act of 2008 (H.R. 7110) on September 26, 2008, by a vote of 264-158. H.R. 7110 as passed by the House would have provided $61 billion in additional funding, including $30 billion for programs within the jurisdiction of the Committee on Transportation and Infrastructure. The Senate took no action on the bill prior to the end of the 110th Congress.

B. H.R. ___, the American Recovery and Reinvestment Act of 2009

(1) Summary of Draft Legislation

On January 15, 2009, the House Committee on Appropriations released the draft text of H.R. ___, the American Recovery and Reinvestment Act of 2009. This draft bill would provide a total of $550 billion in additional funding, including approximately $63.5 billion for programs within the jurisdiction of the Committee on Transportation and Infrastructure, as follows:

Highways and Bridges:	**$30 billion**
Federal-aid Highway Formula	$29.35 billion
National Park Roads	$250 million
Indian Reservation Roads	$300 million
On-the-Job Training	$20 million
DBE bonding assistance	$20 million
Administrative funding	$60 million
Transit:	**$9 billion**
Transit Urban & Rural Formula	$6 billion
Fixed Guideway Modernization	$2 billion
New Starts	$1 billion
Rail:	**$1.1 billion**
Amtrak	$800 million
Intercity Passenger Rail Funding	$300 million
Aviation:	**$3 billion**
(Airport Improvement Program)	
Environmental Infrastructure:	**$6.9 billion**
Clean Water State Revolving Fund	$6 billion
Superfund Remedial Program	$800 million
Brownfields	$100 million

Army Corps of Engineers:	**$4.5 billion**
Construction	$2 billion
Operation & Maintenance	$2.225 billion
Mississippi River & Tributaries	$250 million
Regulatory Program	$25 million
Federal Buildings:	**$7.7 billion**
Including construction, repair, and alteration of:	
Federal Buildings	not less than $6.7 billion
Border Facilities and Land Ports of Entry	up to $1 billion
Smithsonian Institution:	**$150 million**
Economic Development Administration:	**$250 million**
Coast Guard: (Alteration of Bridges)	**$150 million**
Natural Resources Conservation Service:	**$400 million**
International Boundary & Water Commission:	**$224 million**

Transportation and Infrastructure Committee staff estimates that this $63.5 billion would create or sustain more than 1.8 million jobs.[6]

Under H.R. __, the American Recovery and Reinvestment Act of 2009, the funds for highways, bridges, transit (except the transit new starts funding), and environmental infrastructure would be distributed based on the existing statutory formulas that are used by each of these programs. Tables showing the State-by-State distribution of highway, transit, and clean water investments provided under this legislation are attached. The funds for the remaining programs would be distributed through existing competitive project selection processes.

In contrast to tax cuts or rebate checks, virtually all of the economic stimulus effect from these investments will be experienced in the United States. Not only would the construction work be done here, but most transportation construction materials and equipment are manufactured in the United States. These infrastructure programs are subject to Buy America laws which require that the steel, iron, and manufactured goods for projects funded with Federal funds be produced in the United States. In addition, vehicles, such as transit buses or rail cars, must be assembled in the United States.

(2) Suballocation of Highway Funds to Metropolitan Areas

Under H.R. __, the American Recovery and Reinvestment Act of 2009, the $29.35

[6] The estimate is based on Federal Highway Administration's model of the correlation between highway infrastructure investment and employment, and assumes waiver of State matching share of project costs for most programs, as proposed in the draft bill.

billion in Federal-aid Highway ("FAH") formula funds would be distributed to the States based on each State's pro rata share of the FAH program formula obligation limitation in fiscal year ("FY") 2008.

After the initial allocation of the $29.35 billion has been made in this manner, there is a further sub-allocation to metropolitan areas. Within each State's share of the $29.35 billion, 45 percent will be sub-allocated within the State using the Surface Transportation Program ("STP") allocation process. This means that, of the 45 percent of funds that are sub-allocated, 10 percent are set-aside for Transportation Enhancements, and the remaining 90 percent are allocated as follows: 62.5 percent to areas by population, and 37.5 percent to any area of the state. The end result is that areas over 200,000 in population will receive a certain amount of sub-allocated funds, areas under 5,000 in population will receive a certain amount of sub-allocated funds, and areas between 5,000 and 200,000 in population will receive a certain amount of sub-allocated funds.

Under H.R. __, the American Recovery and Reinvestment Act of 2009, areas over 200,000 in population will receive a greater share of funds under the economic recovery program than they do under the regular program. By requiring 45 percent of each States' share of highway economic recovery funds to be sub-allocated within the State using the STP formula, areas over 200,000 in population will receive $3.99 billion, or 13.6 percent, of the total $29.35 billion in highway economic recovery funds apportioned to States.

This can be compared to the percentage of funds received by such areas in FY 2008 under the regular FAH formula program. In FY 2008, areas over 200,000 in population received $2.39 billion in sub-allocated STP funds. In addition to this sub-allocation, $2.1 billion in Congestion Mitigation and Air Quality ("CMAQ") funds were apportioned in FY 2008. Although the CMAQ funds are not necessarily controlled by areas over 200,000 in population, they are typically used to fund projects in those areas. When the $2.1 billion in CMAQ funds is combined with the $2.39 billion sub-allocated to areas over 200,000 in population, a total of $4.5 billion went to areas over 200,000 in population in FY 2008. This $4.5 billion represents 13 percent of the total FAH formula program of $34.7 billion in FY 2008.

(3) Distressed Communities

H.R. __, the American Recovery and Reinvestment Act of 2009, requires that, in selecting projects to be funded, recipients of highway economic recovery funds give priority to projects that, among other criteria, are located in economically distressed areas as defined by section 301 of the Public Works and Economic Development Act of 1965. This definition includes areas with an unemployment rate that is at least one percent greater than the national average unemployment rate; or a per capita income of 80 percent or less than the national average.

(4) Ensuring Transparency and Accountability

(A) Transparency and Accountability Provisions Applicable to All Funds in the Act

Section 1201 of the draft bill establishes transparency requirements that would apply to all funds made available in the Act. Under this provision, each Federal agency shall publish on the website Recovery.gov (to be established and maintained by the "Recovery Act Accountability and Transparency Board") a plan for using funds made available in the Act to the agency. The Federal agency must also publish on the website all announcements for grant competitions, allocations of formula grants, and awards of competitive grants using those funds.

In addition, for funds made available under the Act for infrastructure investments to Federal, State, or local government agencies, each such agency must notify the public of funds obligated to particular infrastructure investments by posting notification on the website Recovery.gov. Such notification must include a description of the infrastructure investment funded, the purpose of the investment, and the total cost of the investment.

Section 1226 of the draft bill establishes minimum requirements for what information shall be posted on Recovery.gov, including the requirement that the website include notification of solicitations for contracts to be awarded, and printable reports on funds made available in the Act obligated by month to each State and congressional district.

(B) Transparency and Accountability Provisions Applicable to Certain Transportation Funds in the Act

Section 12001 of the draft bill establishes additional maintenance of effort and reporting requirements for the AIP, highway, transit, and intercity passenger rail funding in the bill. Under this provision, not later than 30 days after the date of enactment of the Act, each State must submit a certification, signed by the Governor, that the State will maintain its effort with regard to State funding for the types of infrastructure projects that receive funding under these programs. As part of this certification, the Governor shall submit to the relevant Federal agency a statement identifying the amount of funds the State planned to spend, as of the date of enactment, from non-Federal sources in the period beginning on the date of enactment through September 30, 2010, for the types of projects that are funded by these programs.

In addition, section 12001 requires a series of periodic reports to Congress on the use of funds appropriated by the Act for these programs. These reports shall be submitted by each grant recipient to the Department of Transportation, which will compile the submissions and transmit them to Congress. The first periodic report is due not later than 30 days after enactment. This is the first of six reports, at the following intervals: 30 days, 60 days, 120 days, 180 days, one year, and three years after the date of enactment. Each report will track the following:

- the amount of funds apportioned, allocated, obligated, and outlayed;
- the number of projects that have been put out to bid and the amount of funds associated with such projects;
- the number of projects for which contracts have been awarded and the amount of funds associated with such projects;
- the number of projects on which work has begun under such contracts;

- the number of such contracts that have been completed;
- the number of jobs created or sustained by the Federal funds provided, including information on job sector and pay levels; and
- maintenance of effort, as measured by comparing planned State and local spending levels as of the date of enactment to actual State and local spending levels that have occurred since enactment.

(5) Deadlines for Federal Agencies to Award Grants

(A) Deadlines Applicable to All Funds in Act Unless Excepted

Section 1103 of the draft bill establishes deadlines by which Federal agencies must award grants using funds provided in the Act. Under this provision, formula grants using funds made available in the Act must be awarded by the Federal agency no later than 30 days after the date of enactment. Competitive grants using funds made available in the Act must be awarded by the Federal agency no later than 90 days after enactment.

(B) Deadlines Applicable to Certain Transportation Funds

Notwithstanding section 1103, different deadlines apply to certain transportation programs, as follows. For Intercity Passenger Rail funds provided in the Act, preference shall be given to projects that can be awarded within 180 days of enactment. Amtrak funds provided in the Act must be awarded by the Department of Transportation to Amtrak not later than seven days after enactment. Highway funds, Transit Urban and Rural Formula funds, and Transit Fixed Guideway Modernization funds provided in the Act shall be apportioned not later than seven days of enactment.

(6) Use-It-or-Lose-It Deadlines

(A) Deadlines for Entering Into Binding Commitments

Section 1104(a) of the draft bill establishes deadlines by which contracts must be awarded using certain funds provided in the Act. Specifically, section 1104(a) requires the recipient of a grant to enter into contracts or other binding commitments not later than one year after the date of enactment (or not later than nine months after the grant is awarded, if later) to make use of 50 percent of the funds awarded, and enter into contracts or other binding commitments not later than two years after the date of enactment (or not later than 21 months after the grant is awarded, if later) to make use of the remaining funds. These deadlines effectively apply to the following programs: CWSRF, Intercity Passenger Rail funds, and several other programs within the Department of Housing and Urban Development.

If these deadlines are not met, section 1104(b) establishes the process by which unused funds will be redistributed to other eligible grant recipients. Specifically, section 1104(b) requires the Federal agency involved to recover or deobligate any grant funds not committed in accordance with the requirements of section 1104(a), and redistribute such funds to other recipients eligible under the grant program and able to make use of such funds in a timely manner (including binding commitments within 120 days after the reallocation).

(B) Deadlines Applicable to Certain Transportation Programs

Different deadlines apply to certain transportation programs, as follows. For AIP funds provided in the Act, the deadline for grantees to enter into contracts or other binding commitments to make use of not less than 50 percent of the funds awarded is 120 days after award of the grant. For Transit Urban and Rural Formula funds and Transit Fixed Guideway Modernization funds provided in the Act, the deadline for grantees to enter into contracts or other binding commitments to make use of not less than 50 percent of the funds awarded is 120 days after apportionment. For Transit New Start funds provided in the Act, the deadline for grantees to enter into contracts or other binding commitments to make use of not less than 50 percent of the funds awarded is 120 days after award.

If these deadlines are not met, DOT must recover or deobligate any grant funds not committed in accordance with these deadlines, and redistribute such funds to other recipients eligible under the grant program and able to make use of such funds in a timely manner (including binding commitments within 120 days after the reallocation).

The deadlines for highway funds are more complicated, due to the sub-allocation to metropolitan areas and the use of a different redistribution method. For highway funds provided in the Act, if less than 50 percent of the funds made available to each State and territory are obligated based on awarded contracts within 120 days after the date of distribution of those funds, then the portion of the 50 percent of funds that has not been obligated based on awarded contracts will be redistributed by DOT to other States using a process similar to the Federal Highway Administration's ("FHWA") current "August Redistribution" process. (See Section IV (A) for further information on the FHWA's August Redistribution process.)

For the highway funds that are sub-allocated to metropolitan areas, the metropolitan areas have 90 days to obligate, based on awarded contracts, 50 percent of the funds that have been sub allocated to them. If this deadline is not met, the portion of the sub allocated funds that have not been used in accordance with this deadline will revert back to the State for use anywhere in the State. The State then has 30 days in which to obligate the funds based on awarded contracts before the State's 120-day deadline is reached.

(C) Ability to Meet Deadlines Related to Highway Funds

There have been concerns raised regarding the ability of federal agencies to process project approvals and complete all necessary federal permits and certifications for projects receiving highway funding under economic recovery legislation.

FHWA staff has been preparing for passage of such legislation since late last fall. In November 2008, FHWA officials requested information from all FHWA Division Administrators regarding "ready-to-go" projects and encouraged the Administrators to work with state officials to initiate the development of project lists and to ensure compliance with all necessary federal requirements. In December 2008 and January 2009, FHWA repeatedly issued "questions and answers" on economic recovery issues and held videoconferences and teleconferences with Division Administrators and AASHTO to work through specific economic recovery issues and concerns that have arisen during this process. The objective was to make certain that all projects identified were "ready-to-go" shortly after enactment of a stimulus package.

The recovery package will not waive federal requirements. Therefore, all projects receiving federal funds must be part of a Statewide Transportation Improvement Program ("STIP") and — where required — a Transportation Improvement Program ("TIP"). According to FHWA staff, amending a STIP, which requires public involvement, is approximately a 30-day process. If the proposed project were in a non-attainment area, a conformity determination would be required for the amendment. This process also takes approximately 30-days to complete, but can be conducted concurrently with STIP public involvement process. Both the amendment and conformity determination processes can be conducted now, prior to enactment of economic recovery legislation. In fact, FHWA encouraged States in November 2008 to determine whether their STIP or TIP needed to be amended in preparation for an economic recovery package, and if so, to start the process immediately. If States began the process last fall, they will have completed the process of amending their STIP or TIP. Even a State that is just starting the process now could complete it by the time economic recovery funds are likely to be distributed to the States in mid-February.

Another concern that has been raised with the STIP process is the requirement that plans be "financially constrained". All projects receiving federal funds must have funding sources identified, available, and committed. To address this concern, FHWA has been informing States that for necessary STIP amendments, States should assume that they would receive double their FY 2008 apportionment for FY 2009. The FY 2008 obligation ceiling for federal-aid highways was $41.2 billion. This amended process allows States to complete the STIP process prior to enactment of the economic recovery bill.

Additional concerns have been raised regarding the minimum time periods necessary for the advertising and bids submission process as a potential delay in awarding contracts involving economic recovery funds. Generally, FHWA regulations (23 CFR 635.112) require authorization of projects by the Division Administrator prior to advertisement and that bids remain sealed for a minimum of 21-days after advertisement, approved plans and specifications are made available. Division Administrators do have the authority to allow for shorter timeframes in certain circumstances. With respect to recovery funds, FHWA has notified States that they can begin the process of advance advertising. Given that States cannot be reimbursed until projects are approved by FHWA, the cost of such advertisements would be "at risk", and would be contingent on the receipt of stimulus funds and final project approval.

FHWA has recommended that Division Administrators work with States to shorten the bid process from 21 days to 14 days, as appropriate. Although FHWA is working to shorten the timeframe for advertising and bid process, some States, pursuant to state law, mandate longer advertising and bid processes. For instance, Maryland requires a minimum

45-day bid process. In these circumstances, States are considering changing or waiving the state requirement for the economic recovery funds.

IV. Ready-To-Go Projects

A. Highways and Bridges

State Departments of Transportation ("DOTs") have a tremendous backlog of highway projects that could be implemented quickly if additional funds were made available. For example, State DOTs often have open-ended contracts in place for resurfacing projects, which means that work could begin immediately upon receipt of additional funds. In addition, many State DOTs have projects already in process that could be accelerated if additional funding were provided.

Each year, the FHWA and State DOTs go through a process known as "August redistribution". In this process, FHWA surveys each State to find out if it is going to be able to use all of its obligation authority before the authority expires at the end of the fiscal year on September 30. If a State cannot use all of its obligation authority, it returns the unused amount to FHWA, so that it can be redistributed to another State that can use it before it expires. During the August 2008 redistribution process, States indicated an ability to obligate an additional $8 billion prior to September 30, but only $1.16 billion was redistributed to meet this need. This FHWA August 2008 redistribution illustrates the States' pent-up demand of ready-to-go projects and their ability to obligate large amounts of additional funding very quickly.

A survey of State Departments of Transportation by the American Association of State Highway and Transportation Officials ("AASHTO") identified 5,280 ready-to-go highway and bridge projects at a total cost of $66 billion. The summary table of the AASHTO survey is attached.

Specific examples of ready-to-go highway and bridge projects provided by AASHTO are discussed below. These are illustrative of the types of projects States could choose to fund if additional Federal-aid Highway funds are apportioned to the States.

- Brownville Bridge, U.S. Route 136, Atchison County, Missouri: According to the Missouri Department of Transportation, this project would accelerate necessary repair work on the bridge over the Missouri River at Brownville, Nebraska. The 1,903-foot bridge is 70 years old and is structurally deficient. The bridge has a rating of 3 (serious condition), which is lower than the rating of the I-35W Bridge which collapsed in Minnesota. This rating reflects such a serious condition that if its rating drops to 2, the bridge will be closed. If the bridge has to be closed, residents will have to make a 123-mile detour. Work that needs to be completed on this bridge includes joint repair, substructure repair, painting and redecking. Cost: $13,200,000.

- Osage River Bridge, Route 17, Tuscumbia, Missouri: According to the Missouri Department of Transportation, this project would accelerate the replacement of a structurally deficient and functionally obsolete bridge with the construction of a new bridge over the Osage River at Tuscumbia. The current bridge is a two-lane, 1,083-foot structure that is 75 years old and rated a 3 (serious condition). If the bridge has to be closed, residents will have to make a 40-mile detour. Cost: $9,270,000.

- I-5/I-205 Interchange, Portland, Oregon: According to the Oregon Department of Transportation ("ODOT"), the I-5/I-205 interchange, which connects two of Oregon's most heavily traveled freight and passenger corridors, was recognized by Portland metropolitan area residents as one of the region's worst congestion chokepoints in a recent poll as well as noted in the State's "Federal Bottleneck Report". ODOT would like to address congestion at this interchange by building an acceleration/auxiliary lane that would allow traffic from the I-205 southbound ramp additional time to safely merge onto I-5 without slowing traffic in the travel lanes. This lane could significantly improve traffic flow on I-5 and I-205 at a relatively small cost. ODOT could quickly put this project out for contract and get construction underway in 2009. Cost: $15,000,000.

- U.S. Route 20, Pioneer Mountain to Eddyville, Oregon: According to ODOT, this design/build project is currently under construction. The project will build seven miles of new alignment between Corvallis and the Oregon coast on U.S. Route 20. Currently, this segment of highway narrowly winds through the Coast Range. It is not updated to modern highway standards, experiences high crash rates, and has freight mobility restrictions. These restrictions cause significant out-of-direction travel for trucks. Improvements to the west end tie-in section, which are designed and ready to go to construction, had to be modified to stay within budget. Additional Federal funding would allow this project to move forward immediately. Cost: $12,000,000.

B. Transit

Transit agencies across the country are experiencing increased demand for transit services. In 2007, 10.3 billion trips were taken on public transportation – the highest number of trips taken in 50 years. Ridership has continued to climb in 2008, with a 4.4 percent increase in trips taken during the first half of 2008 compared to the same period last year, putting 2008 on track to beat last year's modern record ridership numbers.

Additional funds could be put to immediate use to meet this demand and, at the same time, create and sustain good-paying jobs and economic activity. A survey of public transportation agencies by the American Public Transportation Association ("APTA"") identified 736 ready-to-go transit projects at a total cost of $12.2 billion. Typically, these projects involve purchasing buses and rail cars by exercising existing contract options, and accelerating existing construction and maintenance projects. Specific examples, provided by APTA, are discussed below. These are illustrative of the types of projects that transit agencies could choose to fund if additional funds are apportioned to urbanized and nonurbanized areas.

- Virginia Railway Express, Alexandria, Virginia: This project would allow the Virginia Railway Express ("VRE") to exercise options to purchase 15 locomotives, which will allow the transit agency to increase capacity by deploying longer eight- and 10-car trains. In February, VRE signed a contract with MotivePower, Inc. to purchase as many as 20 replacement locomotives. At present, VRE has been able to purchase only five locomotives due to a lack of funding. If Federal resources were made available, the railroad could immediately execute options to purchase as many as 15 locomotives. MotivePower locomotives are manufactured in Boise, Idaho. Cost: $63,000,000.

- Muncie Indiana Transit System, Muncie, Indiana: This project would allow the Muncie Indiana Transit System to exercise existing options to purchase four replacement hybrid electric buses. The Muncie Indiana Transit System is in the final year of an existing bus procurement contract with Gillig Corporation, and it has the option to purchase four diesel-electric hybrid buses. The buses would be Muncie's first deployment of hybrid technology, and they would replace vehicles purchased in 1994 that are well past their expected service life. Diesel-electric hybrid buses reduce fuel consumption by as much as 40 percent, and regenerative braking technology reduces maintenance costs for transit agencies. If Federal resources were made available, the agency could immediately exercise options to purchase the four hybrid buses. Gillig buses are manufactured in Hayward, California. Cost: $2,100,000.

- Regional Transportation District, Denver Colorado: These projects would finance transit station improvements to meet increased demand for transit services. Regional Transportation District ("RTD") ridership has been growing rapidly, increasing by 13.1 percent in 2007 compared to the previous year, and continuing to grow rapidly in 2008 as more commuters switch to transit to minimize their commuting costs. RTD is ready to begin construction on the renovation of Denver's Union Station, but the $478 million project needs $230 million in additional funding. The project has completed all necessary environmental reviews and construction could start in spring 2009 with additional federal funding. The station renovation will incorporate an at-grade, eight-track commuter rail station, relocation of RTD's regional bus facility below grade under 17th Street; and relocation of the light rail station at-grade to the Consolidated Mail Line. RTD's other ready-to-go passenger facility projects include improvements for the Belleview light rail station ($3 million) and a design-build contract for a new park-and-ride facility in the southwest corner of the District with 200 spaces ($2 million) Cost: $235 million.

- New York City Transit, New York, New York: These projects would finance station rehabilitation, rail track improvements, and customer information screens. New York City Transit has identified three projects that are currently under development in anticipation of future funding. If Federal funding were made available, each of the projects could be advanced quickly. Total Cost: $680,000,000.

  - Station Rehabilitation: More than two dozen subway stations with deteriorated conditions are in need of rehabilitation to address structural, architectural, and electrical needs and provide improvements to passenger circulation. Cost: $550,000,000.
  - Welded rail: New York City Transit ("NYCT") would replace obsolete rail and

plates with new continuous welded rail and resilient fasteners. This investment will reduce rail breaks and cracks, which in turn will improve safety and reduce service delays. Cost: $30,000,000.

- Public Address/Customer Information Screens: NYCT's current capital program includes funding to implement communications infrastructure at 44 stations and to develop designs for all 87 stations. With additional funding, the remaining 43 stations could be addressed. Cost: $100,000,000.

C. Passenger Rail

In the course of 2008, Amtrak and a host of commuter railroads posted record gains in ridership. With concerns still high over dependence on foreign oil and greenhouse gas emissions, Amtrak and the States are looking for opportunities to expand service. To realize the potential inherent in the mode and in our nation's existing passenger rail system, Amtrak has provided a number of examples of ready-to-go projects that are over and above their current projected capital budget which will help them expand capacity, improve service, and create U.S. jobs.

- Amfleet Rail Car Overhaul: Amtrak has an urgent need for additional rolling stock. Business on existing services has grown substantially, and Amtrak faces a growing demand for new services as well. Amtrak currently has a total of 81 Amfleet I and II rail cars in storage. Amfleet I cars are single-level coach and lounge cars manufactured in 1975-1977, for use mainly in short-distance service. Amfleet II cars are similar in design, but were manufactured in 1981-1983, for use mainly in long-distance service. These rail cars are needed to meet increased passenger demand, but must be refurbished before they can be returned to service. This refurbishment work includes new interiors, rebuilt air conditioners, Americans with Disabilities Act ("ADA")-compliant restroom modules, rebuilt air brakes, and rebuilt trucks (wheel assemblies).

  This project would enable Amtrak, to meet increasing passenger demand, to refurbish and return to service all Amfleet I and II rail cars currently in storage. Amtrak is in the process of refurbishing and reactivating the Amfleet I coaches, as funding permits. In 2008, a total of five coaches were refurbished, of which two were wreck-damaged. Amtrak plans to bring an additional 24 Amfleet coaches back into service in 2009 and 2010 and has already budgeted for this expense. However, if additional capital funds are made available, returning stored cars to service would be Amtrak's highest priority. An additional $102.1 million would permit Amtrak to return approximately 33 Amfleet I and II cars of various types to service. It will also allow Amtrak to convert obsolete locomotives into "cab baggage" cars for push-pull corridor services and to make improvements to other types of equipment. Cost: $102.1 million.

- Additional Equipment Needs: Funding would enable Amtrak to purchase new *Acela* and *Surfliner* and single level equipment for future revenue service, to ensure that the fleets that provide two of their most popular services will be adequate for future demand. Amtrak also plans to address the growing need for more fuel-efficient and clean motive power through procurement of new locomotives. The current backbone of Amtrak's electric fleet is a group of aging DC electric-powered engines. To provide motive power for their Northeast Regional trains, Amtrak would purchase a set of AC-powered electric engines, which incorporate such refinements as regenerative braking, a feature that allows the traction motors to slow the train, acting as generators and returning electricity to the catenary. To replace Amtrak's aging switcher fleet, Amtrak would also use funds to purchase a set of new "Genset" switchers, which are specifically designed to limit emissions. They would provide a considerable improvement over the engines they replace, most of which are significantly older than the company. In addition to motive power needs, Amtrak's Engineering Department operates a large construction operation, which in turn maintains a significant fleet of vehicles for various construction tasks. Many of them are approaching the end of their useful life. Additional funds would allow for replacement of obsolescent vehicles with modern and improved equipment. Cost: $346 million.

- <u>ADA Station Upgrades</u>: Amtrak is obligated to make stations accessible and ADA-compliant by July 26, 2010. Although many of the stations that serve the majority of Amtrak's customers offer full or barrier-free access, much work remains at many stations across the country for full compliance. Such work includes improvements to parking, entryways, ticketing, restrooms, boarding platforms, lighting, and signage. Amtrak's progress in meeting the ADA access requirements has been limited in large part because of funding constraints, and the total cost for this program is estimated to be several hundred million dollars for full compliance. Funding will allow Amtrak to purchase equipment such as wheelchair lifts and transfer bridges, and work on station improvements such as ramp construction, access improvements, and the rebuilding of restroom facilities to achieve full compliance. Cost: $1.4 billion.

- <u>State-Of-Good-Repair.</u> Funds would allow Amtrak to upgrade its electric traction system on the Northeast Corridor, and repair and improve the right of way, stations, and supporting infrastructure. Funds would also allow Amtrak to undertake a range of needed station and facility improvements to bring them into a state-of-good-repair, which will be done in tandem with Amtrak's ADA compliance work. Cost: $2.4 billion.

- <u>Alleviating Chokepoints</u>: More than 70 percent of Amtrak's train-miles are run on lines other than their own, with varied ownership and condition. Amtrak service on those systems would in many cases be materially enhanced by the construction of improvements to the physical plant. While the exact gain varies with the improvement, benefits include augmented capacity, increased speed, and greater service reliability, as well as the opportunity for some trip time reductions. Amtrak currently has several projects that could begin in FY 2009, with several others at various stages of the design process, in addition to major investment opportunities such as the Grand Crossing and Englewood Flyover projects in Chicago. These projects would remove significant chokepoints and provide improved and enduring access to the center of Chicago for Amtrak, Metra, and the freight railroads. Cost: $1.4 billion.

- Trip Time Savings. Funding would be used to improve track, infrastructure, and signaling systems that are designed to shorten the amount of time it takes to get a train over the line, thereby improving trip times. For the investment of $625 million, Amtrak would be able to slice fifteen minutes off current DC-New York trip times through the modification of their *Acela* equipment, track upgrades for higher speeds, and the replacement of existing electrical catenary (much of which dates to the early 1930s) with modern constant-tension catenary. Once these improvements are made, the next round of speed increases would be obtained through the replacement of major legacy structures, such as the B&P tunnel in Baltimore, with modern structures on improved alignments. Cost: $308 million.

- Safety-Related Infrastructure Projects: Funds would allow Amtrak to accelerate and improve its program of adding fire and life safety features and equipment to major structures such as the tunnels into and out of New York. It would also provide funding for the construction of standpipes at the First Avenue Tunnel in New York, as well as a ventilation system for the adjacent Long Island Tunnel. Cost: $149.1 million.

- Security: Funding would allow Amtrak to increase the pace of implementation of security improvements through accelerated assessment, planning, and construction processes; improve infrastructure and cyber security; and undertake readiness and response exercises. In addition, funds would allow Amtrak to construct backup power systems in major terminals to improve the resilience of their infrastructure. Cost: $23.7 million.

States have also identified a number of projects that will expand capacity, improve service, and create U.S. jobs.

- Wisconsin has $137 million in projects that can be obligated through agreement with Canadian Pacific Railway within 90 days. The projects will complete a substantial portion of the track improvements required to extend passenger rail service in the designated high-speed corridor from Milwaukee to Madison and to increase frequencies between Milwaukee and Chicago. The extension of service in this corridor is a key Wisconsin element of the nine-state Midwest Regional Rail System Plan for high-speed rail service. The proposed work includes all track, signal and grade crossing improvements between Milwaukee and Watertown about half way to Madison. Wisconsin has an FRA-approved "Finding of No Significant Impact" for the entire corridor from Milwaukee to Madison.

- Michigan has $54 million in track, siding, crossover, and signal projects in Michigan corridors, including the designated high-speed corridor between Detroit and Chicago. Michigan trains already operate at speeds of up to 100 mph in this corridor using an advanced "Incremental Train Control System." A portion of this funding will be used to extend this signal system to the Michigan/Indiana state line, completing a 72-mile segment of the corridor.

- The North Carolina Department of Transportation has $220 million in ready-to-go projects in the federally designated Southeast High Speed Rail Corridor (SEHSR). These projects will be conducted via existing agreements with the CSX Transportation Company, Norfolk Southern Railway, the North Carolina Railroad Company, and the North Carolina Department of Transportation. All of these projects are in the North Carolina State Transportation Improvement Program (STIP)

- Washington DOT has $121 million in passenger rail improvement projects in the federally designated Cascades Corridor serving Portland, Seattle and Vancouver. These projects can be obligated within 90 days pursuant to a master agreement already in place with BNSF railroad.

- California Capital Corridor Joint Power Authority has $10 million in projects in the Capital Corridor between San Jose, Sacramento and beyond. Four million is for track work and a universal crossover to increase capacity and service reliability. This work is being done as a part of a master agreement with Union Pacific Railroad. A $6 million San Jose station project matches $46 million in state, local and federal funds and can be obligated within 60 days.

- The California Department of Transportation (Caltrans) has over $342 million in intercity passenger rail projects that can be obligated within 90 days, $258 million in projects that can be obligated within 90 to 120 days and $88 million in projects that can be obligated within 120 to 180 days. These projects are located on the Pacific Surfliner and San Joaquin routes. The projects will be implemented pursuant to master agreements already in place with Union Pacific and BNSF railroads. They are in the state's adopted STIP and are environmentally cleared at the State level.

D. Aviation

According to the FAA, if additional Federal funds were made available, the types of AIP projects that are ready-to-go include runway or taxiway rehabilitations, extensions, and widening; obstruction removal; apron construction, expansion or rehabilitation; Airport Rescue and Firefighting equipment and facilities; and airside service or public access roads. Identifying specific projects to receive funding would pre-judge the FAA's discretionary grant decisions. However, the FAA has identified $1.5 billion of AIP projects that are ready-to-go by Spring 2009, if additional funding is made available. The FAA has identified a total of $5 billion of AIP projects, over and above an assumed FY 2009 and FY 2010 annual obligation limitation of $3.5 billion, that are ready-to-go to construction within two years.

E. Water Quality Infrastructure

While the demand for Clean Water State Revolving Fund ("CWSRF") funds is increasing, appropriations have declined significantly. This has created a pent-up demand in the States for project funding. Needs are driven by new treatment requirements that must be met (e.g., to control nutrients, sewer overflows, stormwater and nonpoint sources). In addition, aging infrastructure must be replaced or repaired. The CWSRF serves communities of all sizes. Seventy-five percent of loans have been made to communities with populations of fewer than 10,000. In dollar terms, 45 percent of the funds have gone to communities with populations of 100,000 or greater.

Additional funds could be put to immediate use in many States, creating much-needed jobs and economic activity. A survey by the Council of Infrastructure Financing Authorities and the Association of State and Interstate Water Pollution Control Administrators ("ASIWPCA") identified $9.12 billion in ready-to-go CWSRF projects in 25 States that cannot be funded within existing appropriation levels. In addition, most wastewater treatment utilities have small capital-related projects on the shelf that could be carried very quickly, such as pumps, compressors, bar screens, trucks, security measures, and polishing pond expansions.

Specific examples, provided by ASIWPCA, are discussed below. These are illustrative of the types of projects States could choose to fund if additional Federal funds are apportioned to the State Revolving Funds.

- Village of Cuba, New York: This project improves a wastewater treatment system. The Village of Cuba is served by a sanitary sewer collection system constructed in the 1920s that utilizes mainly vitrified clay tile piping. The collection system is prone to significant amounts of inflow and infiltration during wet weather. Because of these increases in flow, the Village's wastewater treatment plant frequently exceeds its permitted flow discharge, affecting the water quality of Olean Creek, which supplies the City of Olean, New York, with drinking water. Upgrades to the Village wastewater treatment plant will protect the water quality of Olean Creek and achieve acceptable wastewater treatment for the Town and Village of Cuba. Cost: $2,100,000.

- Westchester County, New York: Westchester County is required, by Order of Consent, to make wastewater treatment and disinfection improvements to its treatment facilities. Westchester County proposes Biological Nitrogen Removal ("BNR") projects at four wastewater treatment facilities that discharge into the Long Island Sound Estuary. These projects are required by the Long Island Sound Comprehensive Conservation and Management Plan. Under the Plan, New York must remove 58.5 percent of the effluent nitrogen from each of these facilities to reduce the frequency, intensity and duration of hypoxia in the bottom waters of Long Island Sound. New York State has executed an Order of Consent with the County of Westchester to govern the BNR upgrades for each of these facilities, as well as improvements to their disinfection systems to prevent acute and chronic toxicity in marine water from chlorine. Cost: $103,000,000.

- North Little Rock, Arkansas: This project improves the White Oak Bayou wastewater treatment plant. North Little Rock has experienced considerable population growth and is seeking to upgrade the White Oak Bayou treatment facility to meet demand. The project will involve increasing the level of treatment and capacity at the White Oak Bayou facility and rehabilitation of the collection system. The project will facilitate the extension of service to new customers. Cost:

$14,000,000.

- Moore Public Works Authority, Moore, Oklahoma: This project improves the existing wastewater treatment facility. The city's current three-million-gallon-per-day wastewater treatment plant was constructed in 1986. The community has experienced rapid population growth within the last few years. To meet existing and future capacity needs as well as recent changes in discharge permit limits for ammonia as required by the Oklahoma Department of Environmental Quality Consent Order, the city would construct improvements to its existing wastewater treatment plant. The project will replace the Rotating Biological Contractor-type treatment process with a Sequential Batch Reactor process and increase treatment capacity to approximately 9.0 MGD, with 12.0 MGD total build-out capacity at a future date. Cost: $30,000,000.

- Pueblo Wastewater Department, Pueblo, Colorado: This project improves the water reclamation facility. Pueblo's existing water reclamation facility was only designed for basic secondary treatment plus disinfection and dechlorination. The 2008 discharge permit renewal contains effluent ammonia limits and a compliance schedule for meeting the limits. It is anticipated that a total phosphorous standard will be imposed by a 2010 nutrient quality rule. The project will convert the water reclamation facility from the existing trickling filter/solids contact process to a three-state activated sludge system for nitrification, first-state denitrification, and biological phosphorous removal. To construct the new facilities and maintain existing ones, a new site dewatering system will be installed. Cost: $22,200,000.

F. Corps of Engineers

Due to relatively flat funding for the Army Corps of Engineers' ("Corps") over the last 20 years, there has been an ever increasing backlog of important flood control, navigation, and environmental restoration projects. This backlog has caused project schedules to lengthen and costs to increase due to inflation. The current total for the backlog of projects is estimated to be $60 billion.

Additional funds could be used for the following purposes:

- to substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose projects, flood control, hydropower, recreation, water supply and navigation projects and upgrade recreation facilities;

- to repair several high-risk dam safety projects;

- to rehabilitate and upgrade hydropower plants to achieve an industry standard of 98 percent plant availability;

- to recapitalize the oldest and most at-risk projects on our inland waterways system;

- to expedite the construction of critical environmental projects, returning critical ecosystems to a more natural state sooner than would otherwise be possible. Projects producing beneficial impacts on more than one million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability;

- to dredge the nation's 296 highest-use, deep-draft commercial ports to their authorized depths. Approximately 94 percent of the nation's imports and exports are carried through these ports;

- to dredge our inland waterways to authorized depth and width to facilitate the movement of approximately 750 million tons of freight per year, including the majority of the nation's agricultural exports and bulk commodities such as iron ore for domestic steel plants, coal for power plants and fertilizer, and bulk road construction materials; and

- to repair and upgrade critical coastal protection projects that serve as a defense to key population centers.

G. Public Buildings

According to the General Services Administration ("GSA"), if additional Federal funds were made available, the types of projects that would be ready-to-go include major repair and alteration projects to modernize and upgrade aging Federal buildings nationwide and construction of border stations at both the northern and southern borders of the United States. These projects include critical energy conservation and efficiency initiatives, mechanical, electrical, and plumbing upgrades, and life safety and security projects. Investments in energy conservation and efficiency projects in Federal buildings will significantly lower Federal consumption of electricity. Not only will the projects GSA proposes improve energy efficiency and promote alternative/renewable energy technologies, they will also produce a positive return on investment by reducing operating costs and energy consumption. According to GSA, for every $1 million invested in federal construction, an additional $4.3 million is generated in the local economy. GSA ready-to-go projects include land ports of entry, federal buildings, and courthouses.

WITNESSES

PANEL I

The Honorable Jim Doyle
Governor
State of Wisconsin

The Honorable Astrid Glynn
Commissioner of Transportation
State of New York

Carole L. Brown
Chairman of the Board
Chicago Transit Authority

John D. Clark, III
Executive Director and CEO
Jacksonville Aviation Authority
Chairman, Airports Council International-North America

PANEL II

Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce

Roger Blunt, P.E.
President
Essex Construction, LLC
Upper Marlboro, MD

John Marinucci
Senior Executive
New Flyer of America, Inc.

Raymond J. Poupore
Executive Vice President
National Construction Alliance II

Ed Sullivan
Chief Economist
Portland Cement Association

Tony Withington
Amalgamated Transit Union International Representative

PANEL III

Marian Orfeo
Director of Planning & Coordination
Massachusetts Water Resources Authority
Boston, MA
President, National Association of Clean Water Agencies

Bob Bendick
The Nature Conservancy

Larry Larson
Association of State Floodplain Managers

James Weakley
.ake Carriers Association

Panel IV

Nancy Bacon
Senior Advisor
United Solar Ovonic & Energy Conversion Devices, Inc.
Rochester Hills, MI

Terrell G. Dorn
Director, Physical Infrastructure Issues
Government Accountability Office

Stephen S. Fuller, Ph.D
Director, Center for Regional Analysis
George Mason University

Sharon Juon
President
National Association of Development Organizations

Additional Infrastructure Investment Formula Funding Provided Under H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

State	Highways and Bridges	Transit Capital	Fixed Guideway Modernization	Clean Water SRF	Infrastructure Investment Total
Alabama	$559,665,637	$48,924,912	N/A	$64,908,360	$673,498,909
Alaska	$238,322,406	$49,459,615	$25,838,720	$34,741,377	$348,362,118
Arizona	$586,554,097	$112,251,100	$5,005,946	$39,206,772	$743,017,915
Arkansas	$370,302,961	$29,478,938	N/A	$37,972,737	$437,754,636
California	$2,796,972,002	$1,188,547,795	$294,322,998	$415,157,589	$4,695,000,384
Colorado	$412,851,201	$118,744,370	$11,269,972	$46,432,782	$589,298,325
Connecticut	$391,353,941	$85,109,128	$53,456,185	$71,112,789	$601,032,043
Delaware	$120,854,048	$14,171,814	N/A	$28,496,754	$163,522,616
District of Columbia	$124,531,869	$137,762,684	$112,502,711	$28,496,754	$403,294,018
Florida	$1,461,783,079	$356,787,967	$36,863,622	$195,942,087	$2,051,376,755
Georgia	$1,045,902,643	$151,686,518	$47,841,606	$98,146,026	$1,343,576,793
Hawaii	$129,434,787	$51,964,053	$2,835,393	$44,957,781	$229,192,014
Idaho	$216,573,325	$19,478,168	N/A	$28,496,754	$264,548,247
Illinois	$1,001,675,645	$441,029,412	$191,779,080	$262,531,962	$1,897,016,099
Indiana	$746,339,493	$86,237,802	$12,993,189	$139,895,415	$985,465,899
Iowa	$353,045,333	$39,402,623	N/A	$78,562,737	$471,010,693
Kansas	$317,232,125	$32,589,995	N/A	$52,396,146	$402,218,266
Kentucky	$457,309,594	$54,272,675	N/A	$73,879,245	$585,461,514
Louisiana	$470,649,161	$70,996,989	$4,126,535	$63,812,133	$609,584,818
Maine	$138,664,985	$13,697,115	N/A	$44,934,813	$197,296,913
Maryland	$478,655,397	$144,527,477	$47,377,093	$140,394,672	$810,954,639
Massachusetts	$506,364,328	$242,008,690	$112,359,465	$197,084,547	$1,057,817,030
Michigan	$875,167,353	$151,066,948	$1,110,837	$249,595,038	$1,276,940,176
Minnesota	$477,633,398	$104,988,226	$16,346,771	$106,692,201	$705,660,596
Mississippi	$353,025,359	$25,553,818	N/A	$52,298,631	$430,877,808
Missouri	$688,319,889	$93,462,525	$11,631,300	$160,919,352	$954,333,066
Montana	$277,452,620	$16,538,581	N/A	$28,496,754	$322,487,955
Nebraska	$230,260,742	$25,269,031	N/A	$29,690,595	$285,220,368
Nevada	$217,735,801	$56,345,293	N/A	$28,496,754	$302,577,848
New Hampshire	$137,525,889	$13,905,674	N/A	$58,009,446	$209,441,009
New Jersey	$777,808,665	$417,462,545	$149,887,005	$237,209,148	$1,582,367,363
New Mexico	$281,158,912	$30,083,250	N/A	$28,496,754	$339,738,916
New York	$1,354,887,198	$1,071,036,538	$537,643,346	$640,714,734	$3,604,281,816
North Carolina	$802,258,586	$110,978,677	$358,479	$104,763,681	$1,018,359,423
North Dakota	$194,497,761	$12,021,686	N/A	$28,496,754	$235,016,201
Ohio	$1,036,086,707	$188,567,070	$24,069,335	$326,786,229	$1,575,509,341
Oklahoma	$464,228,443	$41,555,420	N/A	$46,897,686	$552,681,549
Oregon	$349,351,566	$85,386,976	$15,128,906	$65,574,135	$515,441,583
Pennsylvania	$1,254,266,677	$306,803,578	$134,193,083	$229,937,103	$1,925,200,441
Rhode Island	$154,292,484	$20,061,378	$227,580	$38,977,191	$213,558,633
South Carolina	$479,859,162	$42,736,684	N/A	$59,467,320	$582,063,166
South Dakota	$198,688,944	$11,945,886	N/A	$28,496,754	$239,131,584
Tennessee	$613,113,563	$78,118,190	$954,067	$84,325,230	$776,511,050
Texas	$2,420,703,384	$419,955,754	$30,579,385	$265,316,040	$3,136,554,563
Utah	$221,325,277	$67,019,287	$4,559,030	$30,585,852	$323,489,446
Vermont	$129,533,151	$5,744,298	N/A	$28,496,754	$163,774,203
Virginia	$745,536,628	$125,751,486	$32,650,580	$118,796,832	$1,022,735,526
Washington	$529,547,455	$202,860,062	$54,296,452	$100,946,934	$887,650,903
West Virginia	$243,473,459	$19,183,828	$1,901,006	$90,489,465	$355,047,758
Wisconsin	$563,779,408	$90,932,494	$1,782,646	$156,930,345	$813,424,893
Wyoming	$199,236,775	$9,867,351	N/A	$28,496,754	$237,600,880
American Samoa	$3,867,923	$374,273	N/A	$5,164,100	$9,406,296
Guam	$19,339,615	$1,011,643	N/A	$3,709,000	$24,060,258
Northern Marianas	$3,867,923	$1,375,086	N/A	$2,346,500	$7,589,509
Puerto Rico	$107,791,611	$84,438,286	$4,107,677	$75,710,151	$272,047,725
Virgin Islands	$19,339,615	$1,593,338	N/A	$2,955,300	$23,888,253
Total	**$29,350,000,000**	**$7,423,125,000**	**$1,980,000,000**	**$5,731,845,749**	**$44,484,970,749**

'Prepared by the Committee on Transportation and Infrastructure majority staff based on technical assistance provided by the Department of Transportation Environmental Protection Agency.

Additional Infrastructure Investment Formula Funding Provided Under H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Highways and Bridges

State	Total Funding
Alabama	$559,665,637
Alaska	$238,322,406
Arizona	$586,554,097
Arkansas	$370,302,961
California	$2,796,972,002
Colorado	$412,851,201
Connecticut	$391,353,941
Delaware	$120,854,048
District of Columbia	$124,531,869
Florida	$1,461,783,079
Georgia	$1,045,902,643
Hawaii	$129,434,787
Idaho	$216,573,325
Illinois	$1,001,675,645
Indiana	$746,339,493
Iowa	$353,045,333
Kansas	$317,232,125
Kentucky	$457,309,594
Louisiana	$470,649,161
Maine	$138,664,985
Maryland	$478,655,397
Massachusetts	$506,364,328
Michigan	$875,167,353
Minnesota	$477,633,398
Mississippi	$353,025,359
Missouri	$688,319,889
Montana	$277,452,620
Nebraska	$230,260,742
Nevada	$217,735,801
New Hampshire	$137,525,889
New Jersey	$777,808,665
New Mexico	$281,158,912
New York	$1,354,887,198
North Carolina	$802,258,586
North Dakota	$194,497,761
Ohio	$1,036,086,707
Oklahoma	$464,228,443
Oregon	$349,351,566
Pennsylvania	$1,254,266,677
Rhode Island	$154,292,484
South Carolina	$479,859,162
South Dakota	$198,688,944
Tennessee	$613,113,563
Texas	$2,420,703,384
Utah	$221,325,277
Vermont	$129,533,151
Virginia	$745,536,628
Washington	$529,547,455
West Virginia	$243,473,459
Wisconsin	$563,779,408
Wyoming	$199,236,775
American Samoa	$3,867,923
Guam	$19,339,615
Northern Marianas	$3,867,923
Puerto Rico	$107,791,611
Virgin Islands	$19,339,615
Total	**$29,350,000,000**

*Prepared by the Committee on Transportation and Infrastructure majority staff based on technical assistance provided by the Federal Highway Administration.

H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Distribution of Highway Infrastructure Funds to Large Urbanized Areas with Populations Greater than 200,000

Large Urbanized Area	H.R. 1
Alabama	
Birmingham	$21,139,903
Columbus	$1,559,494
Huntsville	$6,793,318
Mobile	$10,117,521
Pensacola	$60,781
Large Urbanized Area Total	**$39,671,017**
Arizona	
Phoenix—Mesa	$84,124,908
Tucson	$20,847,838
Large Urbanized Area Total	**$104,972,746**
Arkansas	
Little Rock	$12,633,681
Memphis	$1,330,963
Large Urbanized Area Total	**$13,964,644**
California	
Antioch	$4,548,076
Bakersfield	$8,279,785
Concord	$11,550,920
Fresno	$11,598,974
Indio--Cathedral City--Palm Springs	$5,326,988
Lancaster—Palmdale	$5,508,333
Los Angeles--Long Beach--Santa Ana	$246,423,284
Mission Viejo	$11,141,054
Modesto	$6,499,357
Oxnard	$7,056,311
Riverside—San Bernardino	$31,495,395
Sacramento	$29,126,827
San Diego	$55,900,931
San Francisco—Oakland	$67,484,145
San Jose	$32,153,723
Santa Rosa	$5,965,584
Stockton	$6,550,504
Temecula—Murrieta	$4,803,477
Thousand Oaks	$4,410,103
Victorville—Hesperia—Apple Valley	$4,189,503
Large Urbanized Area Total	**$560,013,274**
Colorado	
Colorado Springs	$11,324,848
Denver-Aurora	$48,224,643
Fort Collins	$5,023,345
Large Urbanized Area Total	**$64,572,836**
Connecticut	
Bridgeport--Stamford	$24,613,607
Hartford	$24,769,548
New Haven	$15,454,923
New York--Newark	$7,388
Springfield	$2,794,175
Worcester	$327,270
Large Urbanized Area Total	**$67,966,911**
Delaware	
Philadelphia	$18,135,620
Large Urbanized Area Total	**$18,135,620**
District of Columbia	
Washington (MD-VA)	$31,522,129
Large Urbanized Area Total	**$31,522,129**

H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Distribution of Highway Infrastructure Funds to Large Urbanized Areas with Populations Greater than 200,000

Large Urbanized Area	H.R. 1
Florida	
Bonita Springs--Naples	$5,122,262
Cape Coral	$7,634,324
Daytona Beach--Port Orange	$5,911,770
Jacksonville	$20,426,332
Miami	$113,882,390
Orlando	$26,796,106
Palm Bay—Melbourne	$9,105,177
Pensacola	$7,451,845
Port St. Lucie	$6,268,787
Sarasota—Bradenton	$12,946,914
Tallahassee	$4,728,898
Tampa—St. Petersburg	$47,745,960
Large Urbanized Area Total	**$268,020,765**
Georgia	
Atlanta	$113,182,352
Augusta-Richmond County	$8,086,408
Chattanooga	$2,125,985
Columbus	$6,253,417
Savannah	$6,755,226
Large Urbanized Area Total	**$136,403,388**
Idaho	
Boise City	$11,550,138
Spokane	$2,415
Large Urbanized Area Total	**$11,552,553**
Illinois	
Chicago	$158,314,402
Davenport	$2,836,850
Peoria	$5,046,201
Rockford	$5,520,704
Round Lake Beach--McHenry--Grayslake	$4,227,326
St. Louis	$7,296,404
Large Urbanized Area Total	**$183,241,887**
Indiana	
Chicago	$17,193,199
Cincinnati	$141,211
Evansville	$5,760,147
Fort Wayne	$8,940,507
Indianapolis	$37,871,115
Louisville	$3,819,893
South Bend	$7,528,029
Large Urbanized Area Total	**$81,254,101**
Iowa	
Davenport	$4,021,023
Des Moines	$11,314,547
Omaha	$1,952,061
Large Urbanized Area Total	**$17,287,631**
Kansas	
Kansas City	$16,799,645
Wichita	$12,613,555
Large Urbanized Area Total	**$29,413,200**
Kentucky	
Cincinnati	$8,028,610
Evansville	$761,625
Lexington-Fayette	$7,188,482
Louisville	$21,211,828
Large Urbanized Area Total	**$37,190,545**

H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Distribution of Highway Infrastructure Funds to Large Urbanized Areas with Populations Greater than 200,000

Large Urbanized Area	H.R. 1
Louisiana	
Baton Rouge	$12,769,593
New Orleans	$26,905,264
Shreveport	$7,336,573
Large Urbanized Area Total	**$47,011,430**
Maryland	
Baltimore	$47,497,590
Philadelphia	$506,280
Washington	$35,974,754
Large Urbanized Area Total	**$83,978,624**
Massachusetts	
Barnstable Town	$4,919,069
Boston	$79,443,607
Providence	$4,997,356
Springfield	$9,640,642
Worcester	$8,451,184
Large Urbanized Area Total	**$107,451,858**
Michigan	
Ann Arbor	$6,328,186
Detroit	$87,005,809
Flint	$8,137,947
Grand Rapids	$12,016,029
Lansing	$6,687,678
South Bend	$762,336
Toledo	$614,131
Large Urbanized Area Total	**$121,552,116**
Minnesota	
Minneapolis—St. Paul	$58,701,983
Large Urbanized Area Total	**$58,701,983**
Mississippi	
Gulfport—Biloxi	$6,463,373
Jackson	$9,192,637
Memphis	$2,069,558
Large Urbanized Area Total	**$17,725,568**
Missouri	
Kansas City	$24,889,427
Springfield	$6,695,075
St. Louis	$53,568,040
Large Urbanized Area Total	**$85,152,542**
Nebraska	
Lincoln	$7,717,268
Omaha	$19,165,311
Large Urbanized Area Total	**$26,882,579**
Nevada	
Las Vegas	$36,251,575
Reno	$8,376,114
Large Urbanized Area Total	**$44,627,689**
New Hampshire	
Boston	$2,707,465
Large Urbanized Area Total	**$2,707,465**

H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Distribution of Highway Infrastructure Funds to Large Urbanized Areas with Populations Greater than 200,000

Large Urbanized Area	H.R. 1
New Jersey	
Allentown--Bethlehem	$686,791
Atlantic City	$5,315,662
New York--Newark	$138,723,961
Philadelphia	$25,475,586
Trenton	$6,281,831
Large Urbanized Area Total	**$176,483,831**
New Mexico	
Albuquerque	$23,403,622
El Paso	$1,030,370
Large Urbanized Area Total	**$24,433,992**
New York	
Albany	$10,101,682
Bridgeport--Stamford	$771,993
Buffalo	$17,651,661
New York--Newark	$214,538,171
Poughkeepsie-Newburgh	$6,361,265
Rochester	$12,549,611
Syracuse	$7,270,051
Large Urbanized Area Total	**$269,244,434**
North Carolina	
Asheville	$5,589,868
Charlotte	$18,537,311
Durham	$7,260,647
Fayetteville	$6,972,337
Greensboro	$6,758,299
Raleigh	$13,661,888
Winston-Salem	$7,550,623
Large Urbanized Area Total	**$66,330,973**
Ohio	
Akron	$13,172,063
Canton	$6,158,389
Cincinnati	$28,144,991
Cleveland	$41,271,847
Columbus	$26,176,949
Dayton	$16,249,675
Toledo	$10,983,114
Youngstown	$8,721,446
Large Urbanized Area Total	**$150,878,474**
Oklahoma	
Oklahoma City	$28,383,181
Tulsa	$19,013,215
Large Urbanized Area Total	**$47,396,396**
Oregon	
Eugene	$5,790,779
Portland	$33,566,175
Salem	$5,356,049
Large Urbanized Area Total	**$44,713,003**
Pennsylvania	
Allentown--Bethlehem	$14,142,333
Harrisburg	$9,378,535
Lancaster	$8,364,424
Philadelphia	$92,384,371
Pittsburgh	$45,321,565
Reading	$6,211,235
Scranton	$9,959,036
Youngstown	$1,031,173
Large Urbanized Area Total	**$186,792,672**

H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Distribution of Highway Infrastructure Funds to Large Urbanized Areas with Populations Greater than 200,000

Large Urbanized Area	H.R. 1
Rhode Island	
Boston	$41,577
Providence	$34,535,639
Large Urbanized Area Total	**$34,577,216**
South Carolina	
Augusta-Richmond County	$2,590,980
Charleston--North Charleston	$12,818,810
Charlotte	$731,115
Columbia	$12,731,830
Greenville	$9,148,975
Large Urbanized Area Total	**$38,021,710**
Tennessee	
Chattanooga	$7,577,086
Knoxville	$11,452,278
Memphis	$23,684,391
Nashville-Davidson	$20,457,005
Large Urbanized Area Total	**$63,170,760**
Texas	
Austin	$26,503,344
Corpus Christi	$8,637,124
Dallas-Fort Worth--Arlington	$121,822,140
Denton-Lewisville	$8,810,440
El Paso	$19,055,449
Houston	$112,326,226
Lubbock	$5,942,477
McAllen	$15,372,833
San Antonio	$39,010,799
Large Urbanized Area Total	**$357,480,832**
Utah	
Ogden—Layton	$10,484,582
Provo—Orem	$7,618,346
Salt Lake City	$22,268,257
Large Urbanized Area Total	**$40,371,185**
Virginia	
Richmond	$21,830,255
Virginia Beach	$37,175,891
Washington	$47,700,981
Large Urbanized Area Total	**$106,707,127**
Washington	
Portland	$6,468,641
Seattle	$61,679,862
Spokane	$7,613,908
Large Urbanized Area Total	**$75,762,411**
Wisconsin	
Madison	$8,767,600
Milwaukee	$34,825,116
Round Lake Beach--McHenry--Grayslake	$526,429
Large Urbanized Area Total	**$44,119,145**
Large Urbanized Area Grand Total	**$3,987,459,262**

Additional Infrastructure Investment Formula Funding
Provided Under
H.R. 1, the "American Recovery and Reinvestment Act of 2009"
(as passed by the House)

Transit Capital Grants

State	Urban Formula	Rural Formula	Total Funding
Alabama	$30,274,891	$18,650,021	$48,924,912
Alaska	$39,963,341	$9,496,274	$49,459,615
Arizona	$98,790,178	$13,460,922	$112,251,100
Arkansas	$15,208,689	$14,270,249	$29,478,938
California	$1,156,398,333	$32,149,462	$1,188,547,795
Colorado	$106,630,579	$12,113,791	$118,744,370
Connecticut	$81,348,371	$3,760,757	$85,109,128
Delaware	$12,452,813	$1,719,001	$14,171,814
District of Columbia	$137,762,684	$0	$137,762,684
Florida	$338,147,032	$18,640,935	$356,787,967
Georgia	$128,429,872	$23,256,646	$151,686,518
Hawaii	$49,226,621	$2,737,432	$51,964,053
Idaho	$10,939,214	$8,538,954	$19,478,168
Illinois	$421,080,506	$19,948,906	$441,029,412
Indiana	$67,282,971	$18,954,831	$86,237,802
Iowa	$24,948,496	$14,454,127	$39,402,623
Kansas	$18,996,608	$13,593,387	$32,589,995
Kentucky	$36,338,347	$17,934,328	$54,272,675
Louisiana	$56,398,291	$14,598,698	$70,996,989
Maine	$5,966,937	$7,730,178	$13,697,115
Maryland	$137,660,957	$6,866,520	$144,527,477
Massachusetts	$237,135,484	$4,873,206	$242,008,690
Michigan	$126,667,527	$24,399,421	$151,066,948
Minnesota	$86,926,715	$18,061,511	$104,988,226
Mississippi	$9,256,440	$16,297,378	$25,553,818
Missouri	$73,924,178	$19,538,347	$93,462,525
Montana	$5,031,100	$11,507,481	$16,538,581
Nebraska	$15,623,798	$9,645,233	$25,269,031
Nevada	$48,857,233	$7,488,060	$56,345,293
New Hampshire	$9,059,506	$4,846,168	$13,905,674
New Jersey	$412,955,366	$4,507,179	$417,462,545
New Mexico	$17,918,274	$12,164,976	$30,083,250
New York	$1,046,411,944	$24,624,594	$1,071,036,538
North Carolina	$80,962,708	$30,015,969	$110,978,677
North Dakota	$5,956,383	$6,065,303	$12,021,686
Ohio	$160,559,142	$28,007,928	$188,567,070
Oklahoma	$25,473,985	$16,081,435	$41,555,420
Oregon	$71,327,155	$14,059,821	$85,386,976
Pennsylvania	$278,437,343	$28,366,235	$306,803,578
Rhode Island	$19,250,570	$810,808	$20,061,378
South Carolina	$27,487,354	$15,249,330	$42,736,684
South Dakota	$4,576,413	$7,369,473	$11,945,886
Tennessee	$58,552,018	$19,566,172	$78,118,190
Texas	$373,552,689	$46,403,065	$419,955,754
Utah	$59,850,815	$7,168,472	$67,019,287
Vermont	$2,034,236	$3,710,062	$5,744,298
Virginia	$108,596,472	$17,155,014	$125,751,486
Washington	$189,373,282	$13,486,780	$202,860,062
West Virginia	$9,645,820	$9,538,008	$19,183,828
Wisconsin	$71,999,261	$18,933,233	$90,932,494
Wyoming	$2,692,810	$7,174,541	$9,867,351
American Samoa	$0	$374,273	$374,273
Guam	$0	$1,011,643	$1,011,643
Northern Marianas	$1,317,469	$57,617	$1,375,086
Puerto Rico	$82,122,441	$2,315,845	$84,438,286
Virgin Islands	$1,593,338	$0	$1,593,338
Total	**$6,699,375,000**	**$723,750,000**	**$7,423,125,000**

*Prepared by the Committee on Transportation and Infrastructure majority staff based on technical assistance provided by the Federal Transit Administration.

Additional Infrastructure Investment Formula Funding Provided Under H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Fixed Guideway Modernization

State	Total Funding
Alaska	$25,838,720
Arizona	$5,005,946
California	$294,322,998
Colorado	$11,269,972
Connecticut	$53,456,185
District of Columbia	$112,502,711
Florida	$36,863,622
Georgia	$47,841,606
Hawaii	$2,835,393
Illinois	$191,779,080
Indiana	$12,993,189
Louisiana	$4,126,535
Maryland	$47,377,093
Massachusetts	$112,359,465
Michigan	$1,110,837
Minnesota	$16,346,771
Missouri	$11,631,300
New Jersey	$149,887,005
New York	$537,643,346
North Carolina	$358,479
Ohio	$24,069,335
Oregon	$15,128,906
Pennsylvania	$134,193,083
Puerto Rico	$4,107,677
Rhode Island	$227,580
Tennessee	$954,067
Texas	$30,579,385
Utah	$4,559,030
Virginia	$32,650,580
Washington	$54,296,452
West Virginia	$1,901,006
Wisconsin	$1,782,646
Total	**$1,980,000,000**

*Prepared by the Committee on Transportation and Infrastructure majority staff based on technical assistance provided by the Federal Transit Administration.

Additional Infrastructure Investment Formula Funding Provided Under H.R. 1, the "American Recovery and Reinvestment Act of 2009" (as passed by the House)

Clean Water State Revolving Fund

State	Total Funding
Alabama	$64,908,360
Alaska	$34,741,377
Arizona	$39,206,772
Arkansas	$37,972,737
California	$415,157,589
Colorado	$46,432,782
Connecticut	$71,112,789
Delaware	$28,496,754
District of Columbia	$28,496,754
Florida	$195,942,087
Georgia	$98,146,026
Hawaii	$44,957,781
Idaho	$28,496,754
Illinois	$262,531,962
Indiana	$139,895,415
Iowa	$78,562,737
Kansas	$52,396,146
Kentucky	$73,879,245
Louisiana	$63,812,133
Maine	$44,934,813
Maryland	$140,394,672
Massachusetts	$197,084,547
Michigan	$249,595,038
Minnesota	$106,692,201
Mississippi	$52,298,631
Missouri	$160,919,352
Montana	$28,496,754
Nebraska	$29,690,595
Nevada	$28,496,754
New Hampshire	$58,009,446
New Jersey	$237,209,148
New Mexico	$28,496,754
New York	$640,714,734
North Carolina	$104,763,681
North Dakota	$28,496,754
Ohio	$326,786,229
Oklahoma	$46,897,686
Oregon	$65,574,135
Pennsylvania	$229,937,103
Rhode Island	$38,977,191
South Carolina	$59,467,320
South Dakota	$28,496,754
Tennessee	$84,325,230
Texas	$265,316,040
Utah	$30,585,852
Vermont	$28,496,754
Virginia	$118,796,832
Washington	$100,946,934
West Virginia	$90,489,465
Wisconsin	$156,930,345
Wyoming	$28,496,754
American Samoa	$5,164,100
Guam	$3,709,000
Northern Marianas	$2,346,500
Puerto Rico	$75,710,151
Virgin Islands	$2,955,300
Total	**$5,731,845,749**

*Prepared by the Committee on Transportation and Infrastructure majority staff based on technical assistance provided by the Environmental Protection Agency.

INFRASTRUCTURE INVESTMENT: ENSURING AN EFFECTIVE ECONOMIC RECOVERY PROGRAM

Thursday, January 22, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The Committee met, pursuant to call, at 10:17 a.m., in Room 2167, Rayburn House Office Building, Hon. James Oberstar [Chairman of the Committee] presiding.

Mr. OBERSTAR. The Committee on Transportation and Infrastructure will please come to order.

Apologies from the Chair for a delay. I was at the meeting of the Democratic Caucus this morning, and as it came time for me to leave our Speaker was addressing the Caucus, and it is very bad manners to walk out on the Speaker.

At the outset, I would like to say that there will be four opening comments, very concise. Our purpose of this hearing is to get to the core issue of delivering jobs and the mechanics of how State departments of transportation, transit agencies, city governance, wastewater treatment public facility authorities are going to deliver the contracts, get jobs under way, people working within the 90 days that we envisioned in the language that we crafted in this committee.

So, at the outset, I ask unanimous consent for the newest member of our committee, Mr. Olson of Texas, to sit during the hearing. It is not committee practice to allow nonmembers of the committee to sit, except by unanimous consent and under very rare circumstances and then not to participate in the hearing. But Mr. Olson has been assigned but not confirmed on the floor.

So I yield to the ranking member, the gentleman from Florida Mr. Mica, to introduce our soon-to-be newest member of the committee.

Mr. MICA. Thank you.

Again, the Republican conference has made a change. I had introduced Mr. Scalise, I believe from Louisiana, who has gone on to another committee; and Mr. Pete Olson from Texas, Texas 22, is going to replace him. And it has been confirmed by our conference but not on the floor by the full House.

Well, I take it back, Mr. Chairman. I just got word that that has been completed. So I would ask unanimous consent that he be added to the roster of the T&I.

Mr. OBERSTAR. Without objection, so ordered, per order of the House.

Mr. MICA. Welcome, thank you.

Mr. OLSON. Mr. Speaker.

Mr. OBERSTAR. I'm not Speaker yet.

The gentleman from Texas is recognized.

Mr. OLSON. I just want to thank the committee for your courtesies towards getting me here and giving me this seat. Thank you very much. I look forward to working with you to make our transportation infrastructure what it should be.

Thank you.

Mr. OBERSTAR. Welcome. I'm glad to have you here.

For over a year, this committee has been working on an economic stimulus or economic recovery and revitalization, "Rebuilding America" we called it in this committee. In December of 2007, we set forth our first proposal. Over time, that grew. It was part of the stimulus initiative passed by the House in September of 2008. Of course, that measure didn't pass the Senate.

Later, we were invited to increase investment through the various programs under the jurisdiction of this committee; and we together crafted a proposal, had a hearing on it in the end of October and invited witnesses on the various aspects of our programs from around the country to testify. They validated our proposition that we can create a minimum of a million jobs by the beginning of June, assuming signature into law of this economic recovery package in the first week of February.

Since then, the Congressional Budget Office has raised a number of issues that led them to produce an analysis of our surface transportation proposal, not the rest of the plan, but just the surface transportation portion, highways, bridges, transit, saying that the spendout would be too slow. Well, this is an organization that is supposed to tell Congress they are spending too much money too fast, and now they are saying we are spending too little too slowly. It doesn't make sense to me.

And Chairman Obey of Appropriations had attempted to reconcile the differences. And each of the forcing mechanisms that we had established in this legislation, the 90-day use-it-or-lose-it proposal, the waterfall of reporting, of requiring the States, the transit agencies, the wastewater infrastructure, drinking water infrastructure, public financing authorities to report to our committee, to the Senate, to the executive branch of the Federal Government every 30 days on the contracts awarded, on the jobs created, with job description, payroll so that we could track the effectiveness of this program.

I have learned from three previous stimulus initiatives, Accelerated Public Works in 1962, 1963, 1964, 1965, 1966, the jobs didn't come into effect as quickly as anticipated. We on this committee then attempted to change that in local public works 1 under the Ford administration. Jobs came up faster but not as fast as we anticipated. Local public works 2 in the first 2 years of the Reagan administration similarly compressed the time frame, but still jobs didn't move out fast enough.

So in this initiative we took the lessons of the past, applied them to the conditions of the present, required the States to come up with AASHTO, produce a list from all their member DOTs. So we have over 5,000 projects in the States that have gone through right of way reacquisition where necessary, design and engineering down to final design and engineering, through the environmental impact statement process.

So there has been a public review and public discussion at the community level. No one can say, "we weren't consulted." They have been through this process. All they need is the money to go to construction. Can you award bids in that time frame? Can you get contractors on site?

I met with the Underground Utility Contractors Association and the Minnesota Public Facilities Authority, the one that does the revolving loan fund in Minnesota. They said, in 30 days, from the time we are told the money is available, we can issue invitations for bid. We can award bids, resolve any contract conflict and have people on the job in 30 days; and we will report to you every 30 days.

In a conference call I had with several DOT commissioners, Will Kempton, California Transportation Department, said, not only do we have contractor capacity, we have well over 100,000 building trades craftsmen out of work. We are getting eight and nine contractor bids per contract that we put out for bid, and those bids are coming at 25 percent below engineering estimates. So, yes, we can deliver. The contractors are ready. The contractor community is prepared. We have got to stick to this time frame.

So I laid that all out for the CBO specialists, and they said we weren't talking to the same people you were talking to. We were talking to some lower-level persons. We were getting information from the Federal Highway Administration from the outgoing administration, who were providing us with information we asked for.

So the purpose of this hearing today is to nail down specifically your ability, the ability of the States to meet these deadlines, to deliver the jobs, to create the employment, to put people to work so that we are paying them to work, not paying them not to work with unemployment compensation. We need unemployment compensation, yes, for people who do not have a job and can't get one. But this is to create the opportunity for jobs so they can go to work.

Now I just want to read a couple of things.

The purpose of this resolution is not to affect adversely or otherwise decrease going rates of wages paid for work. Rates of wages shall be determined in advance of any bidding thereon. Wherever practicable, the full advantage shall be taken of the facilities of private enterprise.

We establish and operate a division of progress investigation to ensure the honest execution of the work program. We will require uniform periodic reports of progress on all projects and recommend appropriate measures to eliminate delay and recommend termination of projects where they are not affording the amount of employment warranting their continuance, administer a system of uniform periodic reports of employment on such projects.

That was from the WPA of Franklin D. Roosevelt in 1935. I hadn't read this when I set forth our reporting proposal, our 90-day use-it-or-lose-it. If there were some way of eliminating projects that aren't working we would put that in, too, but we can't do that in the current context. But Roosevelt did it 70 years ago. We can do it today.

Mr. Mica.

Mr. MICA. Well, first of all, I want to associate myself with the remarks of Mr. Oberstar.

He started out by telling you sort of the brief history of our efforts to try to get the economy going through job creation. We passed on September 28th a $30 billion measure. The Speaker called us back. Mr. Oberstar asked me to come back the week before the election to put together a package, which we did. We were looking at $45 billion at that time. We met in unprecedented fashion just days before the election. A very few members were able to come back, but we heard what it would take to get the economy moving and create jobs.

Quite frankly, I am disappointed by the sequence of events that have taken place, that the appropriators have acted. Mr. Oberstar and I came up with a very good list of documented investments in infrastructure which will create jobs. And every time the chairman has sat with me, I said, I would support you. I would support you, whether it was 30 billion, 45 billion, and even if we get to 90 billion. It is about the activities of this committee are directed towards one thing, creating jobs.

I didn't do very well at math. This is my chart in Exhibit 1 here. Okay, if we go the full measure and we do $90 billion, you don't have to be very good at math to figure out how many jobs. Anyone will tell you that in infrastructure spending and investment, a billion dollars will create between 28,000 and 35,000 jobs. We will round that out to 30,000 for those slow at math. So 30,000 would create 2.7 million jobs.

Now we are talking about a package, and I am supportive of this president's and his effort to put people to work. He asked for—what—3.5 million jobs. We would create just about the whole number of jobs by this amount of investment.

Now the package that has been recommended is either 825 and I heard this morning it may go to $850 billion. Well, they used to ask the question: Where's the Beef? I want to know where the jobs are? Even if we go to $90 billion and we expend $800 billion, where are the jobs?

Right now, when I go back to my district—I have to go back tonight and tomorrow—people will be asking me about opportunities for employment. I just got this memo this morning from the head of our Florida transportation builders organization. Bob Brillson said, I am very disappointed in the House allocation to roads and bridges, $30 billion. Nothing will provide both short-term and long-term benefit of transportation construction. Each billion dollars, as I have said, will create—he used the low figure—28,500 new jobs. This is about jobs. I am disappointed that we have this much money that we are doing in infrastructure. Mr. DeFazio said about 7 percent, maybe 8 percent of the entire package in creating jobs.

Then, finally, just let me tell you what you could do with some of this money. $165 billion, ladies and gentlemen, would build out the entire high-speed rail system for all 11 designated quarters. We create 5 million new jobs by spending $165 billion for that. We would reduce toxic emissions and a dramatic change in air quality across the United States. We would reduce 70 percent of our air traffic congestion, and we would have dramatic improvement in highway congestion across the United States. That is for $165 billion.

Then, finally, one other example of what you could do with $150 billion in energy, you could build enough wind and solar generation farms or plants, whatever you call them, to cut 30 percent of our energy costs. And, added to that, 100 nuclear plants. You could eliminate almost all American dependence on imported oil for power production in the United States energy production with that kind of money.

So somewhere there is a disconnect. I have supported the chairman in his efforts, the other side of the aisle in their good efforts to create jobs. I'll continue to do that, but at some point we've got to say: Where's the Beef? Where is the jobs? And you do the simple math, and I just don't see them. I am disappointed.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Well, that is bipartisan disappointment. I appreciate those illustrations. They are well taken and well deserved.

Most of you are familiar with Field of Dreams. Field of Dreams was about the doctor of my hometown, Chisholm, Doc Graham. He was a real doctor. He really did play one inning for the New York Giants, but he also was our athletic doctor for all the athletic teams, and he gave the physicals to all kids. In those days, we had a school doctor, could afford it.

The ballpark, the Field of Dreams, was built in 1936 by the CCC and the WPA. It is still there. We still play baseball on it. The football field on which I played was built by the CCC and WPA. It is still there. So is the stadium, where some 2,000 people can sit and watch a football game.

The investment in city hall was made in 1937, 1938. One of my district offices is in that building. City council meets in that building. The investment we made in the WPA and CCC is still benefiting this generation. Let's work so that, as Mr. Mica said, the investments we make benefit next generations.

Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman. Thank you for your advocacy on this issue.

We have an economy recently in crisis, although the crisis out of view to most of us may have been building some time because of corruption on Wall Street. But we do know and we have advocated on this committee for the entire time I have been here now 22 years that we have an infrastructure in crisis in our Nation. We know we are spending about a third of what we need every year from all sources to have a 21st century transportation infrastructure for America.

Sixty percent of our road services are in less than good condition. That means Americans spending billions of dollars on front end work and repairs because of crummy roads every year, but we can't afford to fix the roads.

We have 30 percent of our bridges on the national highway system are either falling down, that is, structurally deficient or functionally obsolete, causing collisions and delays, costing us billions of dollars, but we are told we don't have the money to repair it.

We cannot continue down that path.

Now there is some misunderstanding about this bill. This bill has nothing to do with reauthorization, it has nothing to do with the long-term needs of this country, and, in fact, it is a pathetic amount of money just to begin to deal with our deferred maintenance, and that is where most of the money is going, into deferred maintenance. Because when our highway departments are confronted with, oh, God, the bridge is going to fall down or we are going to have to divert trucks for 100 miles up over the Cascade Mountains, better put the money in the bridge, what goes? All the maintenance goes.

So most of this money is going into projects that are easy to do, they are overdue, but it is not in any significant way going to begin to deal with our long-term deficit.

And with transit there is no money in here for operating assistance at the insistence of Mr. Summers and others who oppose the inclusion of money for helping our transit systems with their operating deficits. This year, transit was loved to death by the American people; and the ironic thing is being loved to death by the American people and people flooding onto transit in record numbers is that deficits are bigger than ever and their fuel costs were up, too. But there is no money in the bill to help with that, let alone all the deferred issues in transit.

So this bill, as much as we have been able to get in there, and the Chairman has been dogged on this, is not even near what we need for short-term needs and does not in any meaningful way address the long-term needs for our country, but it is better than nothing. So we need to get this through, and then we need to begin to work on a long-term vision for 21st century infrastructure.

Thank you, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman for his impassioned presentation, in which I fully concur.

The Chair now recognizes the gentleman from Pennsylvania, Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman. I appreciate you holding this hearing today and giving me a brief opportunity to say a few words this morning.

I want to make a couple of points. I think that as this is being discussed around the kitchen tables and water coolers around America, around this country, I believe most people are imagining that we are going to spend a significant amount of money to rebuild our infrastructure, whether it is roads, bridges, water. And $64 billion is a significant number, but it is less than 10 percent of the entire package. I think that is far too small.

Furthermore, I was very disappointed to see that spending was reduced, the amount proposed by the chairman on rail was reduced, and, in fact, transportation enhancements, some of which include beautification, transportation museums and vehicle-caused wildlife mortality, they will get more money than the rail programs combined in this piece of legislation.

I know Governor Doyle is here today to support the $300 million in this proposal, as opposed to the $1.3 billion that is in the enhancements that I just mentioned. Total State funding is less than half of the $650 million going towards TV converter boxes or the

$726 million that is going into after school snack programs. I know that the Governor in Wisconsin has about $130 million in proposed rail projects in Wisconsin alone, and there is a backlog of about $1.6 billion across this country. So I think we really missed the mark here, and I believe that the public is going to be very disappointed when they finally see this and understand what is going on and that we haven't invested in infrastructure in this country.

In addition, I know that the Chairman proposed to put some funding out there for short lines, which is extremely important to the rail network in this country; and that has been eliminated, as far as I can see. So I hope when we get to conference we can put some of the Chairman's proposals back in this bill and make some changes to make it a far better piece of legislation than I think it is now.

Thank you. I yield back.

Mr. OBERSTAR. I thank the gentleman for his comments, for his observation and support for rail.

Unfortunately, some of our initiatives fell victim to the tax cut. Two other initiatives came forward; and, too, the Congressional Budget Office, very, very conservative, very restrictive view of the spend-out rate. And we disagree with that. And so I called a meeting yesterday of the top five persons of CBO and went through point by point how we plan to make these investments, how we have agreed to in a bipartisan understanding, and showed them new avenues of thinking. They are watching this hearing.

I hope you are listening carefully, CBO.

Mr. MICA. Mr. Chairman, just yield for 30 seconds.

Mr. OBERSTAR. Yes.

Mr. MICA. Just in closing here, I do want to reiterate our support for what we discussed in the follow-up hearings. This is not going to be a TARP ″where did the money go?″ We wake up and find out. We may have a smaller piece of the pie, but I fully support you in your efforts to have 30-day follow-up hearings. We will know where the money is, how much money has been spent, and we can identify the projects and investments that have been made. And then if money is not expended, we have talked also about making certain that that money goes back into the system and those that are ready will have access to those funds again.

I thank you, and we will work on that together.

Mr. OBERSTAR. I appreciate your participation, your support. And, again, I want to reiterate we are going to hold the States and the cities and the rest of the recipients of these funds, we are going to hold their feet to the fire on this.

Chair recognizes the gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Mr. Chairman, I just want to ask unanimous consent to place a statement in the record at this point.

Mr. OBERSTAR. Without objection so ordered.

Mr. DUNCAN. Thank you.

Mr. OBERSTAR. All members may have leave to include statements in the record.

Now, our first panel: The Honorable Governor of Wisconsin, Jim Doyle; the Honorable Astrid Glynn, Commissioner of Transportation, State of New York; Carole Brown, Chairman of the Board of Chicago Transit Authority; and John Clark the third, Executive Director and CEO of the Jacksonville Aviation Authority.

And I might note for the record that Frank Kruesi, who worked with the CTA for some time, is in the audience here. In years past, a frequent presenter for this committee.

And we have Mr. Kagen who would like to make a statement and Mr. Petri welcoming Governor Doyle.

Mr. KAGEN. Mr. Chairman, I will allow my ranking member from Wisconsin, Congressman Petri, to go first.

Mr. PETRI. Well, thank you.

It is an honor for me to present to the committee the 44th Governor of the State of Wisconsin. Two days ago, we inaugurated the 44th President of the United States. We have little shorter terms in Wisconsin for a while. But Jim Doyle is a person of great experience in public service, having been a Peace Corps volunteer in Tunisia with his wife and working on a Navajo reservation in education in addition to being district attorney of the Madison area, Dane County, and a distinguished Attorney General of the State of Wisconsin. And he is in his second term as our Governor.

We look forward to his testimony on initiatives that Wisconsin is working on and our Midwest region and country on passenger rail initiative. Thank you very much for taking the time to be with us here today.

Mr. OBERSTAR. I thank the gentleman.

Mr. Kagen.

Mr. KAGEN. Governor Doyle, welcome to Washington. I hope your stay is profitable and instructive. We need your input in terms of where we should be focusing these hard-earned Federal tax dollars that we have to invest in America's future. I am very proud of the work that you are doing and of our State for being one of the leaders not just in the environmental movement but also in guaranteeing that people have healthy water and healthy air to sustain themselves.

And, most importantly, I would like to also point out that we have a chairman of transportation who brings forward a bill and is probably going to vote for this bill, the American Recovery and Reinvestment Act, even though Minnesota has nearly $100 million less than Wisconsin is going to be receiving in this Act. This is just a measure of his graciousness, and also it is a bipartisan effort that Congressman Petri and I will be working to hopefully deliver a better package to everyone across the country.

So welcome, Governor Doyle.

Mr. OBERSTAR. I thank the gentlemen for those observations.

I also want to say, Governor, I watch your stewardship of the State of Wisconsin very closely as I visit my oldest daughter and three precious granddaughters who live in Kenosha, Noelle Tower and Emma, Lily, Coryn and their father, Todd. You are doing a great job there.

You also have submitted for us through Frank Busalacchi, your commissioner, a list of infrastructure projects. So we look forward to your discussion of how the State will implement this program and comply with the waterfall of reporting deadlines, and I ask the staff to pass out this waterfall of oversight so that all members may have it and it may be available for the public and it also can projected on the screen.

TESTIMONY OF THE HONORABLE JIM DOYLE, GOVERNOR, STATE OF WISCONSIN; THE HONORABLE ASTRID GLYNN, COMMISSIONER OF TRANSPORTATION, STATE OF NEW YORK; CAROLE L. BROWN, CHAIRMAN OF THE BOARD, CHICAGO TRANSIT AUTHORITY; AND JOHN D. CLARK, III, EXECUTIVE DIRECTOR AND CEO, JACKSONVILLE AVIATION AUTHORITY, CHAIRMAN, AIRPORTS COUNCIL INTERNATIONAL - NORTH AMERICA

Mr. OBERSTAR. Governor.

Governor DOYLE. Mr. Chairman, and to the ranking member and Congressmen Petri and Kagen and all the members of committee, thank you so much for giving me this opportunity.

First of all, I want to say this—and I speak for myself. I am also here on behalf of the States for Passenger Rail Coalition. But I believe that every State in the country feels and every Governor feels as I do. We share your view that this recovery act should be designed to get people to work and get people to work quickly. And so in Wisconsin we have already and for the last 3 or 4 weeks been working every single day, trying to make sure that we have the projects ready to go, that we have cleared out whatever excessive State hurdles may be in place, that we will collapse the time that it might normally take, while protecting transparency and good competitive bidding processes.

We have already made a review of our labor needs and labor availability. And, believe me, there are plenty of people out of work who are ready to get to work. We have made a review of our construction industry about what the capacity is. Because we share with you the goal, which is to get people to work, get them to work quickly and get them to work on projects that add long-term value to the State of Wisconsin and the United States.

So we will work with you in any way, the reporting requirements we will meet. We are your partners here in seeing that whatever the dollar figure that comes out is put to use as quickly and as effectively as possible.

I want to thank the Chairman for his extraordinary commitment towards recognizing how important infrastructure is to the recovery of this country and of the economy; and I also want to say I do thank the incoming administration and, of course, our great Wisconsin Congressman, David Obey, for the work he has been doing to get this country back to work.

If I might be able to address the rail infrastructure issue, because this is one that we care deeply about in Wisconsin. There are many other infrastructure issues, water quality, roads and bridges, that are also vitally important, but I want to focus if I can briefly on the rail infrastructure.

States, and Wisconsin among them, have long believed that passenger rail is the missing link in our national transportation policy. There are 14 States currently that support rail corridor services with State funds. And I am proud to say that Wisconsin is one of those 14 States that commits State funds every year to support rail corridor services, particularly on the Hiawatha line from Chicago to Milwaukee. The State of Wisconsin and the State of Illinois share the operating costs, and I hope that your family in Kenosha makes use of that train.

The States have been at the center of passenger rail renaissance. We have been investing in our street transportation funds in quarters that enhance existing Amtrak services.

To show you the kind of strength that was alluded to earlier in the comments, ridership on Hiawatha service Milwaukee to Chicago continues to increase and set all-time records. Year to date, the ridership on this line is almost 28 percent higher than the comparable time of a year earlier. And for anyone who has ever driven from Milwaukee to Chicago, if you are in a car, you don't know whether that is going to be a 4-hour right or a 1-hour ride. But if you are in a train you know actually when you are going to leave and when you are going to arrive.

So I am pleased that there is money and a focus in the recovery legislation that is directed at Amtrak and for State investments in this system. This is a critical time to recognize the opportunity for expanding passenger rail services. States want to invest; and with the opportunity to carry out their plans with a Federal partner, we can lead the Nation to a new era of passenger rail service.

Inner city passenger rail development also has long-term benefits. For example, a study of the nine-State Midwest regional rail system, of which the Chair has been the great champion, shows the full development of this regional high-speed rail system arrayed around Chicago will produce 57,450 new permanent jobs, $4.9 billion in increased property values in the 102 cities that will be served.

Wisconsin right now has $137 million in projects with the Canadian Pacific Railroad that are ready to go within 90 days. The project will complete a substantial portion of the high-speed rail corridor from Milwaukee to Madison, and it will also increase frequencies between Milwaukee and Chicago. And it will be part of what we hope is the long-term development—or maybe not that long term, but the development of the Midwest regional rail system plan.

So, Mr. Chairman and members of the committee, thank you for giving me an opportunity to be here today. We commit to work with you to make sure we understand what your objectives are to get people working quickly on projects that we can get out the door quickly, and we will pledge to do everything we can at the State level to make sure that that happens.

Thank you very much.

Mr. OBERSTAR. Oh, it is music to my ears and I am sure to Mr. Shuster as well, who raised that issue of rail.

Ms. Glynn, thank you for your participation, and cooperation all the way through this process, beginning late last year.

Ms. GLYNN. Thank you, Mr. Chairman, and thank you and Ranking Member Mica as well as the other members of the committee, particularly those from New York, for allowing me to be here today.

As you said, during the recent debate, we have repeatedly heard: Can we meet the need? Is the recovery program sized correctly? Can the States deliver a large infrastructure program quickly and create jobs to spur the economy? In essence, can we answer the new President's call to help begin the work of remaking America and provide a new foundation for growth?

And the answer from New York is an emphatic yes. We can, we must, and we are ready to do so.

Soon after Congress settles on the funding levels and project criteria, New York can advertise and award a myriad of transportation projects. These projects will create both thousands of jobs and provide real transportation benefits. Based on discussions with other State DOTs, I know that they are ready, too.

Governor Paterson has our State ready to implement the Federal recovery program. We have more than $1.8 billion in highway projects, more than $1.6 billion in transit projects and many rail and an aviation projects all ready to go. That investment will create more than 70,000 jobs. Those projects are needed, just as the jobs are.

Last year, we analyzed our transportation system and found that we are going to need to more than double our total Federal, State and local investment in transportation if we are going to have the transportation system that our people need to thrive. The story is the same in many other States. You can rest assured that States, even in these very difficult times, will not only apply any new Federal aid to real infrastructure needs but also make every effort to harness all available resources to meet the investment challenge that you give us.

This program will benefit the Nation as a whole, but all these programs begin with local choices for growth, community and travel. The very projects that bring about economic recovery, that put shovels in the ground and that create jobs in communities across the Nation will also make our transportation system better and help make it ready for the demands that we must meet.

To get the most from the recovery, we will need a diverse package, diverse modally, diverse across levels of government, which is why we have been reaching out to cities, our towns, our counties and our MPOs to make sure that we are all partners in preparing the menu of projects for this effort and also diverse socially and geographically. Everyone has to have a part of this process. States will need to be able to use these funds in the ways that best meet their needs, and we have processes in place that will allow us to do this. A program such as this with short deadlines for use we would suggest is best managed by a statewide entity, and we hope that if Congress decides to suballocate a portion of the funds that the States will have a last clear chance at any suballocated funds before they are moved to another State.

But the economic recovery program needs to be flexible in terms of process at the Federal as well as the State level. We are looking forward to working with our Federal agency partners to make sure that the processes are streamlined at the State level and at the Federal level, and we would suggest that you may wish to invest the new Secretary of USDOT with the powers to make the decisions that he deems necessary to move the projects through his bureaucracy as we are preparing to do through ours.

We know that the primary goal of the recovery is job creation, but I hope you will not overlook the other benefits. They can be substantial. They can move us to asset management principles which, as was said earlier, is something we need to do more of. We can invest more in transit and rail that will give us long-lasting environmental and energy benefits. And the recovery program will help us enlist the skills of more diverse groups, including small and disadvantaged businesses.

New York can deliver a significant number of State and local highway, rail, transit and airport projects within the time frames being discussed in Congress. But we, of course, do hope, as was said earlier, that this will not be the end of the effort, that this will be a prelude to a more lasting investment through reauthorization.

I know that it will not be easy to find the funds that we seek, no matter how great the need. So let me take what little time I have left to give you a better sense of the good you can do with this effort.

The projects that we are readying in New York are large and small. On Long Island, we are looking at improving the structural ratings of historic bridges and extending their useful life on some of the parkways that Robert Moses helped build.

We are looking at resurfacing roads in virtually every county, again to save millions by investing now rather than let them continue to deteriorate.

We are looking at fixing the I-84 bridges in Putnam County. This bill could allow us to start this project 3 years earlier and save deterioration and reduce future costs by millions of dollars.

We are looking at providing long-awaited congestion relief to the people who daily depend on the Staten Island Expressway.

And we are looking at improving an important highway that connects key business and commercial districts in Oneida County, not to mention buying some 400 new hybrid electric transit buses that will be used from Buffalo to Broome County.

So, in closing, I just want to assure you again that we can deliver an effective economic recovery program. We are working with our MPOs and our cities. We will need to work with them to move these projects through the process, and that is how we will spend the time you give us. We will be looking to work to make sure that the projects that we have ready are indeed ready. That is already going on, and it will continue to go on.

We look forward to working with the Federal agencies, who will need to be proactive partners with us throughout this effort; and we hope that the work that you are doing here will be followed by even more difficult tasks we will all face next fall with the reauthorization.

So, again, thank you very much for the opportunity to be here and to assure you of our ability to deliver.

Mr. OBERSTAR. That is a strong affirmative statement, and I appreciate that very much. Thank you.

Ms. Brown, thank you for being here.

Before you begin, let me ask unanimous consent to include in the record the formal statement of the ranking member, Mr. Mica.

Ms. BROWN. Thank you, Mr. Chairman, Ranking Member Mica and the rest of the committee. Thank you for having me here today to speak about Chicago's transit needs.

I need to echo my other panelists' opinion when I say that we definitely could spend whatever money comes to our system in a

90-day framework. The reason that I am so confident about that is because our system is so sold. We are the oldest ″L″ line in the country. Our first ″L″ line was built in 1897, our oldest subway line in 1943.

We have got a $6.8 billion need just to bring our system up to a state of good repair. That doesn't include our 5-year capital plan, which is fully funded; and it does not include $4 billion in expansion projects.

Our system is old. Our largest maintenance need is for rail mod. That is $4 billion for signals, structure, track and stations. We need approximately $1.2 billion to repair and replace an aging rail fleet. Twenty-eight percent is over 32 years old. As you know, the FTA standard is for 25 years.

Of our 2,200 buses, 15 percent are past its intended life. The FTA standard, as you know, is 12 years. So I don't need to tell this committee that there are significant needs for transit and the importance of transit.

As Ranking Member Mica pointed out, investment in transit creates jobs but also saves our region almost $800 million annually in time and fuel. And so without the transit network and with the investment in the transit network we can save our region $800 million included with adding jobs.

In fact, Metropolis 2020 estimated that for every dollar invested in transit in our region it returns $1.34 in economic benefit. And so we have always looked at this package as not only a jobs bill but also an economic development bill. For us to spend the money we need to have the money flow quickly and directly to CTA using a streamlined process, not being held up through the State or the regional level.

We believe that we can obligate up to $500 million in the 90 days to fix our slow zones on our rail system to buy rail cars and buses. That would crate an additional $670 million in economic benefit in our region, including over 1,000 construction jobs in Chicago and hundreds more in places like St. Cloud, Minnesota, where New Flyer manufactures our buses.

Again, our economic recovery bill could not only make it better for our riders in big cities like Chicago but also for workers in small towns like St. Cloud, Minnesota. So this still is an investment for us, but it is also an investment for the economy of the region. We think that the package that was advocated could help meet the goals of strengthening transportation infrastructure, reducing the country's oil dependence and creating green jobs; and so we believe a robust investment in transit is critical. We believe that more money for transit would help to improve the job situation and economic situation in our region.

I don't need to remind the committee that issues facing public transit are not just Chicago's. In fact, just this week, I was one of those million people who were on the Metro system in D.C. going to President Obama's inauguration. I don't need to ask you what you think the city would have been like if Metro hadn't been there.

But despite the fact that national ridership in 2008 reached a 50-year high with over 10 billion trips, agencies like CTA in Chicago and D.C. And Atlanta are talking about reducing service and raising fares because the investment just isn't there.

And so, in closing, I would just like to thank you all for your continued commitment to invest in an infrastructure in this region. I would like to thank you for your commitment to creating jobs in economic development in the country. And I would be happy to answer any questions.

Mr. OBERSTAR. Thank you very much for your presentation.

Splendid observation. You are so right about the Metro. If we hadn't had Metro, they could have used 10-car trains, 8-car, and normal 6-car trains.

Does the gentlewoman from Florida wish to introduce our next witness?

Ms. BROWN OF FLORIDA. Yes, Mr. Chairman. It is my pleasure to introduce Mr. John Clark, who is over at the Jacksonville Airport Authority. He is going to make a presentation.

I have to mention that my director of JTA, our transit authority, is here, also, Mr. Mike Blaylock. Just wave your hand.

The airport has tremendous needs, and I guess I am just a little stunned. I am very disappointed with the transit package. I do think that we, as Members of Congress, need to do our job. We have a coequal branch of government. That is why I want to thank you for having this hearing to lay it out. But we need to put a package that makes sense. And we know for every billion dollars that we spend on transportation it generates up to 47,000 permanent jobs.

You said that my constituents was on the transit system here and, you know, even though it worked somewhat—I can't believe it. My people were 4 and 5 hours trying to get on the transit.

So we must build up and put money in the system that makes sense—intermodal, airports, trains. We are the caboose when it comes to rail in comparison to our competitors. Whether it is the Japanese or Chinese, it goes on and on. We need to move the country forward.

The key is jobs, jobs, jobs. When you think about where we are, a person cannot buy a car if they don't have a job. And we know when we invest in transit it generates permanent jobs.

So thank you, Mr. Chairman; and I do have some questions at the proper time.

Mr. OBERSTAR. Thank you, very much.

Mr. OBERSTAR. Mr. Clark, please proceed.

Mr. CLARK. Chairman Oberstar, Ranking Member Mica and to my Congresswoman, Corinne Brown, thank you for this opportunity to participate in this very important hearing.

As my Congresswoman said, my name is John Clark. I am the Executive Director and CEO of the Jacksonville Aviation Authority.

I also serve as the 2009 chairman of Airports Council International for North America. We represent 366 member airports in planning more than 95 percent of the domestic and virtually all of the international air passenger and air cargo traffic in North America. We have nearly 400 aviation-related businesses that are associated with Airports Council International, providing goods and services to the airports.

Mr. Chairman, before I begin my oral remarks, I would ask that may full written testimony be submitted for the record.

In my 25 plus years of working in the field of aviation, which primarily has been working at several different airports around the United States, from California to, most recently, Florida, I can tell you without exception, other than the situation that occurred after 9/11, I don't think I've ever seen our industry in such a critical position.

Clearly, airports are tied to the fate of the airlines and air traffic, but at the same time airports must maintain facilities and meet passenger needs. And as we look to meet those needs we must always ensure that we are the catalyst to ensure that infrastructure is in place to ensure the current and future operations of our airports. While airports must be financially responsible businesses and be responsive to market, it is also our responsibility to ensure that our system is safe, secure and efficient.

Airports throughout the United States are currently facing reduced passengers, fewer flights, less competition from service and unsecure financial markets. Yet we are committed to maintaining our facilities and readying the airport for the return growth over the next several years. It is anticipated that that growth will be better than 25 percent over the next 8 to 10 years.

Airports financing is extremely complicated. Any one individual project at an airport can rely on several sources for funding. Those sources would include bonding, passenger facility charges, airport improvement funds, locally generated revenues from aeronautical users, parking and other concessions associated with airports.

Since the creation of the Airport Improvement Program in 1982, AIP has distributed over $45 billion in grants, accounting for over 2000 grants to over 1,500 airports annually, to enhance safety, security, capacity and environmental compliance of our Nation's airports.

The best way to accomplish the quick flow of funds from a stimulus package in the airport arena is through an AIP program. Let me explain why I believe this is the case.

To be eligible for an AIP grant, airports must meet the following criteria: They must be publicly owned or privately owned but designated by the FAA as a general agent reliever airport or privately owned but with scheduled commercial service and at least 2,500 annual enplanements. Airports must be included in the NPIAS, National Plan of Integrated Airport Systems.

Projects which are eligible for AIP grants include those related to enhancing airport safety, capacity, security and an environmental concerns. In general, airports can use AIP funds on most airfield capital improvements or repairs except for things like terminals, hangars and nonaviation development. Any professional services associated with such programs are also eligible, such as planning, surveying and design. Aviation demand at the airport must be justified, which also meets the Federal environmental and procurement requirements. Hence, AIP-approved projects are largely construction projects that help produce good-paying engineering and construction jobs. Furthermore, FAA uses a comprehensive oversight to ensure that these projects are in compliance.

I believe in October of 2007, through a report of the Department of Transportation, found that the FAA effectively insured the highest priorities of projects were funded, meeting our systems need. So embedded in the AIP program administered through the FAA we believe the accountability is established.

Furthermore, in this program is the opportunity to ensure that disadvantaged business enterprises also share in the opportunities associated with building our Nation's airports.

There is a current requirement to have a local match. We are asking this committee's consideration to waive that or to adjust that during this time. Because, as airports are challenged with less revenues, in some cases to meet that matching requirement may be difficult. But if these projects are to be done in the 30, 60, 90-day time frame, we would ask that there would be consideration to a temporary waiver.

Additionally, beyond AIP projects, we would ask that this committee would also support the amendment on the alternative minimum tax. I know in another committee of Congress that has been taken up, and we do support the elimination of the alternative minimum tax.

I will wrap this up. I have plenty of examples of airports that are needing of the money that could immediately put infrastructure in place, creating jobs and also long-term investment into our aviation system.

I have run out of time; and I thank you, Mr. Chairman and members of this committee, for the opportunity to present. Thank you.

Mr. OBERSTAR. Thank you very much, Mr. Clark.

I will just start with you.

You mentioned the FAA process for evaluating projects under the NPIAS, National Plan of airports. Do you continue to believe that process is fair, equitable and responsive to the needs of airports across the country?

Mr. CLARK. I do, sir. If I look at the years that the program has been in place, clearly, communities could say that the process is a little slow from time to time. But, overall, the accountability is there. The projects are vetted, they are prioritized, and, therefore, the investment into the overall system I think is a fair and equitable system.

Mr. OBERSTAR. We have never allowed earmarking of aviation projects in this committee in the years I chaired the Aviation Subcommittee, in the years Mr. Mica chaired that subcommittee in the years prior to my chairmanship. Because we have always felt that it was open, clear, fair. It is unlike the highway program, where improvement in a highway in northern Minnesota doesn't do anything for Boston. But improving Boston Logan means better access from the east coast to the heartland to the south to the west and vice versa.

So your assessment I think is very important, and you have reviewed the list of projects that FAA has selected and they meet our criteria? Are you saying that? They have been through the environmental review process, through design and engineering down to final designing and engineering. They can be under construction within 30 days of receiving, that is, bids issued within 30 days and within 40 days contractors on the job.

Mr. CLARK. Based on our discussions, we believe that we, the airport community, have projects that are ready and if the funding were there—and in some cases, like I said, the local match may be a challenge because of reduced revenue opportunities experienced at the airports, but I would tell you that they are absolutely ready.

Mr. OBERSTAR. Thank you.

Governor Doyle, just completely by coincidence this morning, I saw in the daily newspapers in Virginia and Minnesota in my district, Bill Hanna, Executive Editor, wrote of his travel by train from Minneapolis through Wisconsin to Chicago, then to Alabama in 1965. In a way, nostalgia, saying, we need to be able to do that again.

Now, I am greatly encouraged with your comments about your enthusiasm for intercity passenger rail and reviving the Midwest High Speed Passenger Rail Initiative that 20 years ago then Governor Rudy Perpich and I launched.

Now Mayor Daley and Mayor Coleman—need I say Mayor Daley of Chicago? I don't think you need to say that. Just say Daley, and Chicago is synonymous—and Mayor Coleman of St. Paul got together at my request and are developing a coalition of mayors and governors and local governance individuals and private sector to—under the Mica-Brown Amtrak resuscitation legislation- to launch that initiative.

That may be a little longer term than we envisioned in this stimulus package, but I still believe we should have had the $5 billion at a minimum for stimulus. Because there are Amtrak and other intercity passenger rail projects that are ready to go, that can create jobs, and those are very intense and very good jobs and very job-intensive work on building rail, putting ties, switches and electrifying routes that need to be electrified.

For you, are there sufficient numbers of contractors with capacity to bid on the projects that Commissioner Busalacchi has set forth, a copy of which I have here.

Governor DOYLE. Yes, there are. As I remarked earlier, we made a survey of the contractors, of where they are. Like in most States, we have a large number of road contractors that are on the brink, a lot of workers out of work that can get back to work right away. There is a lot of capacity in the workforce to get to work.

So this is one of the—as we have watched this develop, we are not sitting there passively. We understand there is very likely to be—I don't want to presume you are going to do anything, but it is very likely something will be coming out of Congress at a very large scale, and we are working today and yesterday and a week ago to make sure that capacity is there.

If I could say on the rail, without getting overly nostalgic, but the final chapter of one of the great American novels, Great Gatsby, the Great Gatsby is the narrator riding on a rail from Chicago back—from the east back to his hometown of St. Paul and crossing through the Wisconsin countryside. So when we get that high-speed rail built, let's call it the Gatsby Express, and it'll be a great thing.

Mr. OBERSTAR. Thank you.

Well, I assure you that the Great Gatsby was not Bill Hanna. He is the great Bill Hanna, but he writes well about this.

Now, CBO has this problem. They say States will not be able to handle this large influx of funding. Your commissioner of transportation, your colleagues among the governors and their departments of transportation, says the CBO, will not be able to move this money out within this time frame that we have imposed.

Seven days from signing into law, DOT—OMB will allocate to DOT their proportionate share. The Federal Highway Administration then will notify the States of their suballocation. That is, their incremental apportionment of the funds. And then, within 10 days of that, we expect the governors to sign off on their program of projects. They will commit to these projects, maintain the existing flow of projects from the current fiscal year 2008 and do these additional projects at the same time.

In effect, they are saying you can't walk and chew gum at the same time. Can you do this?

Governor DOYLE. Well, we are going to do it. We want to get people to work. And so I recognize that that time limit puts us up against an enormous challenge, but it is a challenge that we have to meet to get people to work. And we will meet it. And we can meet it, as difficult as it is.

And, as I say, I think we are typical of most States; and we are already looking at our process. We are figuring out where we can shorten the let periods, how we can streamline this process to get it done within the time line that you put.

So the answer to the question is, we want to do—we all have the same objective, getting people to work quickly; and we will do what we have to do at the State level to make sure that that happens.

Mr. OBERSTAR. Have you identified conformity issues? Can you advertise bids in advance of project approval?

Governor DOYLE. We have identified conformity issues, and we can submit some of those which we see are the problems. We are looking at what we can put out before actual issue. We are looking at what State regulations may have to be changed. We have a legislature that is ready to act immediately as part of this. We are going to have a State stimulus package that will meet the needs of the Federal stimulus package to make sure that we are aligned with what your timetable is and with what you want to have done.

The worst tragedy of this would be that the money was there and that we would all be stumbling around. I am not going to let that happen in Wisconsin, and I do not think there is a Governor in the United States that is going to let that happen.

Mr. OBERSTAR. Could I invite you to be Governor of Wisconsin and of Minnesota?

Governor DOYLE. Well, I have great respect for the Governor of Minnesota. As you may have seen, we have recently announced ways that, in this budget crisis, we are going to look for ways that Wisconsin and Minnesota can actually do things together.

Mr. OBERSTAR. He needs a lot of help because he said the investment we proposed does not do anything for the budget in Minnesota. Fortunately, our legislature has a different view.

Mr. Mica.

Mr. MICA. Thank you. I think we have already hit some of the problems on the head. Some of the problems have been created by Congress. I think Governor Doyle, Commissioner Glynn, Ms. Brown, and Mr. Clark have all talked a little bit about the process.

I heard you talking. One of the big pieces that I want to put in the next reauthorization is, I call it the Mica 437-day plan. The 437 days are the number of days it took to construct the bridge over the Mississippi River that collapsed in Minneapolis. Mr. Oberstar star and I were on the floor when that occurred. We acted immediately. I stood on that bridge when it was very near completion, and it was done on time, well within budget, in 437 days. I will ask the staff to go back to our hearing of when we asked the commission that was created by TEA-LU to look at how we could improve this process for the next reauthorization.

Tom Scancke from Nevada, who is on the commission, and I got into a little discussion on process. He said, when you add one Federal dollar to a project, it adds 14 years to the delivery time. Then he said, for a $1 billion project today in 2008 dollars, by the time the project is completed in 2022, the cost to the American taxpayer public is an additional $3 billion to $4 billion.

Is that your take on it, Governor?

Governor DOYLE. It is a long process.

For all of you who hear from your constituents about projects in your districts that are coming through State transportation departments and authorities, it is a long process.

Mr. MICA. Well, I will tell you what. We all need to work together, every one of us, to get provisions in to move this process forward.

The problem Mr. Oberstar and I are having is we have gone three times now to put together packages, and we get into arguments. We have a new OMB and a CBO, but they come back and say, well, you can't spend the money fast enough. Then I asked staff also to look at some existing balances. For example, we have got money in here for the Corps of Engineers. I have projects all up and down my district. You all have projects. This is what I am told:

The Army Corps of Engineers' water construction account, unobligated balances—money that has been appropriated but not yet obligated—is projected to reach $3.2 billion by the end of this year.

Let me give you another one. We have got money in here Jim and I both agreed on. Even though they cut us down some on public buildings, from $9 billion to $7.7 billion, the GSA has $3.3 billion in unobligated balances for Federal buildings, and we are going to give them another $7 billion.

So the problem we have got is moving money through the system. Do you agree, Governor?

Governor DOYLE. I agree. It is one of the reasons we have to get all aligned and moving very quickly.

Mr. MICA. Commissioner, what do you think? Am I whistling Dixie or is this the whole truth and nothing but the truth?

Ms. GLYNN. Well, fortunately, those bundles of projects that we have teed up have already gone through that extended process.

Mr. MICA. Well, yes.

Again, we go down there. We started out with 90 days. It has been moved to 120 days. Then you have got 180 days. Then we will turn around the money, but then we get beyond that, and you have got pent-up projects.

I have a little community that was hit by unprecedented, 500-year flood rains and everything. We had approved money for water removal system drainage and all of that, and everybody was going crazy saying, well, the city residents voted for a bond to support the Federal money and other money. So I got down there, and I said, well, what is the problem? It ends up it is in an agency with this long list of approvals; that this approval has to be done before that approval. I am not talking about running over any of the environmental stuff, but we have got to put this in fast forward, a 437-day plan.

Are you going to support it, Ms. Brown?

Ms. BROWN. Yes, I will.

Mr. MICA. For the record, she said she is going to support it.

Ms. BROWN. We are always robbing Peter to pay Paul, if you will, to get our projects done. So, for us, we have identified the projects. We are ready to go, and we have in place the processes to make sure the funds are obligated as soon as we have them.

Mr. MICA. Well, hopefully, we have made a point here.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you, Mr. Mica.

I also want to point out that regardless of how the legislation turns out, if there is language for 120 days or for the 180 days, no State is required to take 180 days. This is what CBO has told the Appropriations Committee is the time frame in which they believe that money can be spent. We expect you to do it in 30 days, and you have said you can do it. Ms. Glynn said you can do it. Ms. Brown said you can do it. Mr. Clark said you are ready to do it. Mr. DeFazio is going to say you are going to do it.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Ms. Brown, I thought your testimony was particularly compelling. You say there is $500 million out of your $5 billion of deferred maintenance that you could commit within 90 days.

Ms. BROWN. That we could obligate within 90 days, yes, sir.

Mr. DEFAZIO. No problem.

Ms. BROWN. No problem.

Mr. DEFAZIO. You do not have any contracting rules or publication requirements or bid specifications or anything that is going to drag you out here?

Ms. BROWN. Well, as I said, Congressman, we are always resource-constrained, so for many of our ongoing maintenance projects, we do those processes, and then we do them contingent upon funding.

Mr. DEFAZIO. So you put them on the shelf, ready to go?

Ms. BROWN. Yes, sir. We are ready to go.

Mr. DEFAZIO. You have got $500 million ready to go?

Ms. BROWN. If you write me a check today, I will be spending the check tomorrow.

Mr. DEFAZIO. Well, we want to do that. I just want to point out, then, that under the provisions that we are proposing, if there are other agencies less equipped and less capable than you, then that money would be recycled through the system and would be channeled back, because under the bill as proposed, you are only getting $280 million, which is about half of what you could commit without any problem in 90 days.

Ms. BROWN. Right. It is less than 10 percent of what we need, so the more the better.

Mr. DEFAZIO. Right. Some of those examples you used went far beyond Chicago. We are talking about buying power, basically, right? You talked about buses.

Ms. BROWN. We have an option right now with New Flyer that cannot go forward—New Flyer is based in Saint Cloud, Minnesota—because we have not identified the funding. That is hundreds of jobs in Minnesota, and we are one of their largest customers. So, yes, it goes well beyond the city of Chicago and the Chicago region.

Mr. DEFAZIO. So we are very likely to get to at least the multiplier flagged, you know, that we have consistently talked about. We are saying, when we invest so much, we create so many jobs. Here, you are talking about not only in Chicago are we going to have the direct jobs, the construction, the more efficient movement of people, et cetera, but we are creating jobs in Minnesota and perhaps elsewhere where there are suppliers for New Flyer.

Ms. BROWN. Exactly. Our factory that does our railcars is located in another city in the United States as well. So, again, that is more jobs. And if we could do more railcar orders, then that would create more jobs in the region outside of Chicago.

Mr. DEFAZIO. Excellent.

Mr. OBERSTAR. How soon can your railcar producer begin construction on facilities that you order?

Ms. BROWN. Well, we have a major order right now going on with Bombardier, so we already have a place in line. As you know, that is the big issue with capacity in a place in line with the railcar orders, and so I believe and I am assuming we can increase that order.

Mr. OBERSTAR. You have existing contracts, you are saying?

Ms. BROWN. We have existing contracts with Bombardier. We have options to increase that order if we had funding identified.

Mr. DEFAZIO. One other quick point in transit. As you know, at the insistence of some people who, I think, are not enlightened, the operating assistance has been stripped out of the package. Your budget is, obviously, you know, inadequate in total. So if you have to take more money into operating, you are having to transfer from part of your deferred maintenance or deferring that out further; is that correct?

Ms. BROWN. Yes. The challenge also is most people do not understand that no transit agency in the country pays for its operating costs through its fares. So, even though it sounds counterintuitive, as ridership goes up it strains our operating budget. So, if there were operating assistance, then we could expand the capacity of ridership and do what I think, from an environmental standpoint and from an economic standpoint public transit is designed to do; it enhances economic development, but it is also great for the environment. So the operating assistance was something we were very excited about because we get none from the Federal Government right now, and it is always a challenge for us and for other large urban agencies.

Mr. DEFAZIO. I will point out, as far as I know, no transit system in the world operates at a profit. I believe, when I was in Barcelona, we were told that their unbelievably overcrowded line where they are using pushers, like in Japan, is about at that point, but as soon as they add their new line where they are spending $9 billion, that will drop off. It is not a desirable thing that you can put that many people in that small a thing.

Governor Doyle, again I do not want to recapitulate and recapitulate, but is there a barrier in your advertising guidelines, in your bidding guidelines? Are there absolute barriers that would preclude you from committing this money?

In addition, one argument we hear is States are already flat-out just trying to get into the next construction season, let the contracts that they already have programmed. And if you add this on top, either those will go away so you have no net gain, or they will not be able to do it.

Can you address that?

Governor DOYLE. Well, in the road world as well, deferred maintenance is all sitting there, ready to go very quickly. It does not take big design plans. It can move very quickly. For example, at the level that is currently in the bill, about 80 percent of that would go to maintenance projects, major projects, but not big new-start sorts of things, and those can move very, very quickly.

To be direct, there are a few little parts of our law and of our process that would be very difficult to do in the 90 days, but those can all be changed and streamlined and improved, and that is what we are doing right now. So we want to make sure there is still a good, fair, open bidding process. But some of the time limits that are in there for the bids to go out and to come back and the challenge periods and all those sorts of things, that are very good things and that are there in normal circumstances, we can collapse all of those. So we are, as I say, very hard at work right now.

Mr. DEFAZIO. Do you do it administratively?

Governor DOYLE. I believe most of them are administrative. If any of it is legislative, we have talked to our legislative leadership. There is not going to be any barrier on getting this thing done immediately.

Mr. DEFAZIO. Well, let us say you had a less enlightened legislature or that you were a less enlightened Governor. Do you think that the prospect of using it or losing it would lead one to getting the legislature or the Governor to make the changes necessary to spend the money? Do you think that would be an incentive?

Governor DOYLE. It sure would to me. I think any Governor would have a pretty hard explanation about why the State next-door or the other State is actually using the money while they are losing the money.

Mr. DEFAZIO. In fact, maybe getting their money if they could not spend it.

Governor DOYLE. I think use it or lose it, obviously, is an enormous incentive to get this done. I want to emphasize that I think most people—I would hope all Governors and State representatives understand we are in an economic crisis in this country and that the purpose of this recovery act is to get people to work. We are not trying to find barriers to get that done. We want to be there and make that happen.

Mr. DEFAZIO. Thank you, Governor.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Mr. Petri.

Mr. PETRI. Thank you.

First, I just want to make one observation, which is, it may be a little counterintuitive but true, that if we really want to stimulate the economy and get jobs out there, saying we have to do it real quick is not going to be as effective as saying we have a 5-year plan to ramp-up needed spending on infrastructure so that people can build factories to make more equipment and to enter into contracts.

This is not a simple, easy business unless you are just shoveling dirt. You are talking about a whole system of production which involves factories, making equipment and 101 other things. I agree we want to fill in as quickly as possible to stabilize the economy, which we are doing, in part, by helping State and, hopefully, local governments maintain employment.

Mr. DEFAZIO. Would the gentleman yield for a second?

I just want to say we want to do both. The short term is a down payment. I think I made that point in my opening remarks. We have much larger long-term needs that we have to plan for.

Mr. PETRI. To really be effective, someone is not going to build a factory or order more equipment if he perceives it as possibly being a one-shot thing. So we will just be utilizing assets that might otherwise be idle in the short term, but we will not really be turning things around, I fear.

Governor, as it does others, the size of this troubles me. You list in your testimony $137 million that you feel are ready to go in rail projects in Wisconsin and in 5 of the other 50 States. I added it up. It is nearly $1 billion. It is $900 million or $850 million of projects in just five States.

Could you talk a little bit about the Wisconsin part of it—the $137 million of projects that, I think, have already been more or less certified? You would be working with the Canadian National Railroad and other people to upgrade tracks. How quickly would that work, and what would be the benefit of it?

Governor DOYLE. The work would be done. There are two major components of it.

The first is to add capacity to allow more freight trains between Milwaukee and Chicago, a desperate need, and that can be with the current contract. We can be moving on that immediately.

The second is to extend passenger rail service towards Madison. You would understand this, Congressman. It would go to Watertown, which is where the right-of-way is all in place. What we need to get moving on it is all done.

As to putting the rail in the context of what you just, I think, very wisely recognized about the need for this to be part of a longer-term plan, the rail improvements, Chicago to Milwaukee, are needed immediately. The rail improvements we would make from Milwaukee going to Madison really would have to be seen in terms of a much longer-term commitment made by this Congress and made by the State of Wisconsin and by our adjoining States to a passenger rail service.

As you know, in having the train go from Milwaukee to Watertown, if that is all it finally ends up doing, it is not going to help much. But if it goes from Milwaukee to Madison and then, hopefully, on to the Twin Cities, that would be tremendous. Connecting Chicago to Milwaukee, to Madison, to the Twin Cities would bring tremendous economic benefits to our region of the country. So it is a good example of what you were just saying about this package being a down payment on a longer-term infrastructure vision.

When you are talking about rail, we can make major improvements that will help us now, immediately, where we can get the money out the door right away; but it will be part of the bigger picture in which we hope to build a real passenger rail service in the country, including not only just the trains, but we hope we are going to create passenger rail manufacturing capacity in this country as well.

Mr. PETRI. Thank you very much.

Mr. OBERSTAR. I thank you, Governor, for those comments. That is very uplifting.

This morning, I met with the Upstate New York congressional delegation and Amtrak and the Federal Rail Administration on a similar high-speed passenger rail initiative to link Upstate New York and Albany and New York City. They are fired up about it. It can work. We have got to transform America in this way. So I invite you to join and to partner with Mayor Daley and Mayor Coleman in getting this moving.

Ms. Brown.

Ms. BROWN OF FLORIDA. Thank you, Mr. Chairman.

Before I get to Amtrak and to rail, I have just one question for the Governor.

After 9/11, we passed a Jobs and Growth Tax Relief Act, and we sent money directly to the States. My Governor at the time, Jeb Bush, took the money and used it to subsidize a biotech company that did not work, and the citizens of Florida did not benefit. That money was supposed to help with social services.

What assurances do you have for Congress that you all are going to take the money, are going to use it like we said, and are not going to supplant our money and use it on other projects?

I know it is very hard to pass a bill and for all of the Governors to do the right thing. A lot of the Members have a lot of confidence in the Governors. Sometimes I don't have as much confidence in them, so I think we need to spell out what it is we expect.

Governor DOYLE. Well, as I understand the bill, it is going to have some very, very strict reporting requirements. I can say again, on behalf of Wisconsin, we will meet those reporting requirements to show you that we are doing what the bill was intended to do.

Ms. BROWN OF FLORIDA. Also, Ms. Glynn, we met with the Tri-Caucus: the African Americans, the Hispanics and the Asians. There was a concern, particularly about New York, like my grandmother's sweet potato pie, that if we pass this bill, minorities and females will not have an opportunity to participate. Some local governments have some provisions that are not favorable because of training or bonding.

What assurances will we have, if we are going to send billions of dollars to New York and to other places, that the people who need the jobs the most are going to have an opportunity to participate?

Ms. GLYNN. Well, that has been one of the priorities not only for the DOT but also for the administration over the last year. We are working very aggressively with our DBE community to make sure that they are aware of what projects are under consideration and what skills are likely to be needed. One of the things we are going to be pressing all of the construction industry on is that we have good-faith efforts that result in good participation, not simply good paperwork.

As a matter of fact, we are holding a DBE conference in New York City on February 4, where we hope to attract a number of existing and potential DBE firms, and we look forward to the attendees at that conference being part of how we deliver this package.

Ms. BROWN OF FLORIDA. The next question, back to Governor Doyle.

The Chairman and we had recommended $5 billion for rail. Now it is $1.1 billion. I hate to say, well, if we cannot get this right, I will not vote for the bill.

What recommendations do you have? Because, you know, the administration and the Members of Congress have been talking about rail and about how we need to move this country forward and about how we need to be green. The fact is, this bill does not offer any hope for passenger rail in this country. I mean, it is a poor marker.

Governor DOYLE. I guess I have learned over time that I should not be telling Congress what number they should put in. Obviously, we are in a position in Wisconsin that if that number is bigger we will put more money to work in passenger rail.

Ms. BROWN OF FLORIDA. Well, will it work if we put the money there?

Governor DOYLE. The money that is there would work in Wisconsin. More money will work better in Wisconsin.

Ms. BROWN OF FLORIDA. In your testimony, you mentioned that a number of States have passed ready-to-go projects. How many jobs do you foresee that you all could generate? How many jobs? If you got X amount of money, how many jobs would it generate?

Governor DOYLE. From the current level?

Ms. BROWN OF FLORIDA. Yes.

Governor DOYLE. We estimate in Wisconsin that it would be somewhere between 5,000 to 7,000 jobs, and these are good jobs. The multiplier of that would just be from the construction package we are talking about. There are many other parts of this bill—hospital construction, public school pieces and others—that would add many more than that, and those are all good jobs that add a great deal to our economy.

Ms. BROWN OF FLORIDA. Thank you.

Mr. Clark, I want to ask you a question. You said that you all are ready to go, you have your projects ready to go. But mainly you talked about the Alternative Minimum Tax. How does that affect this package? I was a little confused about that.

Mr. CLARK. Well, in many airport projects that are dealing with the Alternative Minimum Tax, airports will go out and will get financing from the bond market. If it is considered a public use, then you can get an exemption from that. Other than that, it is all treated as though it is a private use. Right now, with the financial market being constrained, airports, even though they have a credit rating, cannot get the funding.

What we are hoping to do is to be able to change that to help loosen up airports' ability to go out and borrow money, which actually helps to build the infrastructure and to create jobs. The way the legislation is proposed now it is just basically for a 2-year period. Our belief is that, while there is a crisis now, that is something that can help us even long term, so we get the opportunity to fix the situation for now and into the future.

Ms. BROWN OF FLORIDA. How important is the waiver of the AIP program?

Mr. CLARK. I think it is pretty significant because airports now—like I said, with the loss of potentially some revenue sources, it may be more difficult for the airports to come up with the matching fund. It also considerably adds an element of time delay, so we are asking that there at least be some consideration to that.

Ms. BROWN OF FLORIDA. Last question. How many jobs will you be able to create in addition to that? I know safety is a very important factor for what you all are doing with the airports.

Mr. CLARK. Congresswoman, I cannot sit here and tell you exactly how many jobs will be created. Unfortunately, I am not prepared to do that, but I can give you by way of example.

In Jacksonville, we have two projects that are slated, representing about a $6 million project to deal with security fencing and a runway overlay. We are estimating that will create, roughly, 100 to 110 jobs directly.

Ms. BROWN OF FLORIDA. Thank you. Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you, Congresswoman Brown.

Before I go to our next member, I want to read ″just in,″ as they say, this news just in from the Office of President Obama on the CBO report.

″The CBO does not fully reflect the extraordinary steps being taken to invest quickly and effectively. The CBO is conservative,″ says the President, ″about spendout rates, and it does not reflect the extraordinary actions the administration, State and local governments will take to combat the worst economic crisis of our lifetime—shortening the deadline for Federal agencies to commit funds, setting deadlines on the Federal awarding of formula grants, specific deadlines for State and local governments to commit funds they receive for infrastructure, specific focus on ready-to-go projects.″

It looks like they have embraced the Transportation and Infrastructure Committee program. Elections make a difference.

The gentleman from North Carolina.

Mr. COBLE. Thank you, Mr. Chairman.

Mr. Chairman and Mr. Ranking Member, I have been in a Judiciary hearing. So I apologize for my being late in my arrival. I have missed a lot of the testimony. It is good to have the panel with us.

Let me make a general statement, Governor. I will start with you. There has been much discussion about projects that are shovel-ready. I am told that the only thing that many of these projects lack is funding to begin construction, meaning that it is completing all environmental and application processes. Provide for us, if you can, Governor, and other members, some detail on projects that meet this threshold and detail plans for the projects to go forward without a stimulus versus with a stimulus.

Finally, let me say this. American taxpayers are growing increasingly skeptical of Congress and of our spending habits. Personally, I believe that infrastructure, Mr. Chairman, is an investment that is important, but at the same time, I am concerned about our Nation's checkbook.

How would you defend this investment to the taxpayer, Governor? What mechanisms should be included to ensure these dollars are spent effectively? That is sort of an elaborate, two-part question.

Governor DOYLE. Well, as to the first part of it, I would be happy to provide you a list of the projects that we have that are shovel-ready. These have been designed. They are ready to go, and they are in our queue, and they are not going to be funded for many, many years to come. I will give you an example.

We are in the process of a major interstate improvement between the city of Milwaukee down to our State line towards Chicago, and we have projects that are not planned to be started for quite a number of years. There are intersections and bridges along that road that we can get going immediately with the stimulus package. We also have a long list of deferred maintenance programs on our roads and bridges that are all ready to go and that will continue to be deferred in this very, very difficult economic time unless the stimulus package is there. That is just on roads and bridges.

We talked earlier in my testimony on rail on projects that we do have ready to go. We have existing contracts with railroads to do the improvements, but the funds are not there to do them. So we can get money moving out the door immediately.

I will say this. On the second part of the question, in the way I talk about it in Wisconsin, I think most people in the State of Wisconsin understand this, which is that we are moving into a very difficult economic time. Our unemployment rate in the State in the last 2 months has increased at a higher rate than at any time since the Great Depression. Good, good companies that were talking to me about expanding as recently as the late summer, and even into September after the collapse of the financial markets, are now laying people off.

Unfortunately, in my job, almost rarely a day goes by that I am not getting a call from a good Wisconsin business that is saying, I am sorry. An example is one of our great printing companies. Just because advertising is so down, it is now having to lay off 400 people in the State, whereas they were talking about expanding this last summer.

I do not need to tell this committee, because you all understand it better than anyone. Infrastructure investment, if you look at what the return for the dollar of infrastructure investment is about, it is the best investment we can make. These are good jobs. They are jobs that spur economic growth. They are decent-paying jobs, and they are jobs where we have the capacity right now and the people who can get to work immediately. So I think most economists on both sides are saying you need this kind of jolt to the economy and you need this kind of immediate stimulus. It seems to me that infrastructure is a place that we can get people to work at good jobs and very, very quickly.

Mr. COBLE. Thank you, Governor.

Does any other member want to add anything to that?

Ms. GLYNN. Sir, if I may, I would just add that the real waste is the waste of deferred investment. If we can invest now, if we can protect our infrastructure now, we can do the job more effectively and more cost effectively.

Mr. COBLE. I thank you for that.

Mr. CLARK. Yes, sir.

The FAA has at least $5 billion worth of what they consider projects that are ready to go. As a normal course of action, airports, because the demand for funding is always greater than what the supply is, are always in the position of having projects ready to go, ″ready to go,″ meaning that they have actually been vetted, and it is just a matter of a lack of funding that keeps you from moving forward.

So I will tell you that there clearly is, one, the accountability for ensuring that the projects have been vetted through the FAA's process and, secondly, that there are projects that are ready to go that can meet that time period.

Mr. COBLE. Thank you, sir. Thank you all for being here.

I yield back the balance of my time, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman.

I want to say, Mr. Coble, a factor often overlooked in this process is that we are putting people back to work. Instead of paying them for not working, through unemployment compensation, we will be paying them to work. And they in turn will be paying taxes. On $1 billion of investment, you will pay $180 million in taxes to the Federal and State governments. So we are getting a double benefit out of our portion. I do not speak for the rest of the package, but in our portion of the package, there is a real return on investment.

Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

I have had about 12 meetings or so just in my own district of Washington State. I think, geographically, we are the farthest north and west in the lower 48 that you can get from this place, which makes it an enjoyable place to get back to and also an enjoyable place to represent, but it means I have got to get back there and bring these concerns here.

One of the concerns I hear from the local transit folks has been this debate about the split, for lack of a better term. How much goes to the States? How much goes to the local government or to the MPOs and to the RTPOs?

I am encouraged to see that at least the resolution in our package indicates that the local MPOs or RTPOs will have a say without having to go hat in hand to the States for some of those dollars. That is my view of it, and I would like to think that that debate, then, is largely over and that the Senate will have its say as well.

Governor Doyle, not to color the question, but because you do not represent me and I do not represent you, you can say anything you want. Can I get your view of where the debate is headed and what you think the split ought to be? Is this an amicable resolution?

Governor DOYLE. It is a resolution that I, in Wisconsin, will live with, of course. I mean I am just going to say the State point of view. We think we have a fair and equitable way that money does go out and that we do provide for regional transit and that we are able to balance all of these better, but I understand that there are a lot of different views. And I assume Ms. Brown has a very different view of that than I do.

Mr. LARSEN. She will get a chance.

Governor DOYLE. I think the bill that has been proposed has tried to strike a fair compromise of those competing views.

Mr. LARSEN. Ms. Brown.

Ms. BROWN. Surprise, surprise. I think that given some of the issues that are facing my State right now, that the challenge of spending the money and spending the money quickly, is how quickly can you get it to the agencies and not have it caught up in State processes that right now might be a little inefficient or where attention is directed elsewhere.

Historically, we have always said that the quicker you can get it to the agencies with the least amount of process, the more efficient and effective it could be. So, if I were writing the bill, it would come directly to the agency and would bypass everyone. But that is probably why I am sitting here and you all are sitting there.

Mr. LARSEN. Well, if I were writing the bill, Washington State would have a $30 billion infrastructure package. But I am not. You would get some, too.

Ms. Glynn, did you have a comment from a statewide perspective?

Ms. GLYNN. Well, I think where we are now in terms of the distribution is workable. I would also suggest that the answers are different between highway and transit. A lot of the transit money already goes directly to the larger properties, and that is a very feasible, easy, established solution as long as we are working closely with FTA.

On the highway side, we are fortunate in that FHWA has really stepped up and is prepared to work with us on the TIPs and on some of the MPO-based processes. So I have no doubt that on the highway side, we will be able to work well with the MPOs and with FHWA to move the projects out in accordance with the priorities that have been locally established.

Mr. LARSEN. Yes. I wanted to bring this up because we are talking about, maybe, some of the legal legislative/administrative restrictions. This is one of the restrictions, too, in terms of how to get the dollars down on the ground the fastest and how many steps you have to go through.

I will make a note here and then will yield back, but I will make a note here about the ferry system. Washington State has the largest ferry system. The Bay Area, North Carolina—my good friend Mr. Coble, our new member Mr. McMahon from Staten Island, and Alaska all have ferry systems, and those are part of our transportation system. They are not tourist attractions. They are part of the legitimate transportation systems in our States. We are not addressing the shortfalls in that, even though we are addressing shortfalls in some of the other specified programs that we fund out of U.S. DOT. We are not doing it with the ferry programs. I think folks are going to be hearing more from us as we move forward on this.

Thank you very much, Mr. Chairman.

Mr. OBERSTAR. The next authorization will be a robust program for ferry boats.

Governor DOYLE. Mr. Chairman, if I could just say, we build ferry boats in Wisconsin. The Staten Island ferry boat is built in Wisconsin, so we are all for that.

Mr. LARSEN. Well, see. We would find something to work on together.

Mr. OBERSTAR. Very good.

Mr. Ehlers. Mr. Ehlers passes.

Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman.

One observation I would like to make is that I agree with you that elections do matter. But in my lifetime, I have never seen an election change the speed or increase the speed of the bureaucracy working. So I will be pleasantly surprised if the bureaucracy speeds up to a much greater speed than it has operated.

Mr. OBERSTAR. The President just says he is going to do that, so we will hold him to that.

Mr. SHUSTER. I will be pleasantly surprised.

Mr. OBERSTAR. Believe me, this committee is going to keep a blowtorch on their behinds.

Mr. SHUSTER. I believe that, although I do have some concerns, and they are not just my concerns. I have seen the bureaucracy in action both here in Washington, in my State of Pennsylvania, and across this country in a lot of State and local governments. I have heard from different DOT State leaders across the State, and there is a concern out there that this timeline may be ambitious but that it may be unrealistic. They have not said they want years added on, but they are concerned that 90 days is going to be very difficult, not from the standpoint that the work is not there—the private sector has the capacity to do it—but just from the manpower to get through the contracts that currently are in New York and in Wisconsin.

Do you have the manpower? For instance, in New York, I think you said you will spend $1.8 billion this year in highway and bridge funding; is that accurate?

Ms. GLYNN. We hope to spend about $1.6 billion.

Mr. SHUSTER. What did you spend last year?

Ms. GLYNN. Last year was about the same.

Mr. SHUSTER. What kind of contracts are let and bids are accepted in the first 6 months of that $1.8 billion?

Ms. GLYNN. The work does tend to be very seasonal. Of course, we would be entering the period where we are best able to put out this work. As a matter of fact, what we have right now is an industry that is operating under capacity. We had a cement factory just a little bit south of Albany start to close a few weeks ago because it did not have enough work.

Mr. SHUSTER. I am not concerned. I believe the private sector has the capacity to do much of this work. My question is, if you have

$1.8 billion as the number for this year, in the first 6 months of the year, at what amount of money will you let in bids of that $1.8 billion?

Ms. GLYNN. We generally elect a good deal of it during the first 6 months.

Mr. SHUSTER. One billion dollars, is that a good estimate?

Ms. GLYNN. No, probably not $1 billion.

Mr. SHUSTER. Less than that?

Ms. GLYNN. As a matter of fact, today we are having a significant letting—rather, award being made. I would suggest that in terms of our internal capacity, we have the internal capacity to move this because a good deal of it is simply coordination. These are small projects that can be processed very quickly, and when a Governor puts his mind to it, as Governor Paterson has, we can deliver very expeditiously, and we will do so.

Mr. SHUSTER. Still, my concern—and you have not given me an exact number, so I know that that is a fluid thing, but if you put out $700 million in the first 6 months—and say for argument that is what you do—we are going to give New York, I think it is, $1.2 billion or $1.3 billion and require you to put that on top and bid it out. Do you have that manpower in place to be able to do that?

Then, Governor, I am going to ask you the same question if you have those figures. That is my concern, is not that they can't spend it, not that the private sector, if you get it out there—rather, are you going to have the manpower to do 100 percent more bidding, going through the bid process? That is the concern. I think that maybe this timeline is a little unrealistic when you talk about the manpower that it takes to do that.

Mr. OBERSTAR. Will the gentleman yield?

Mr. SHUSTER. Certainly.

Mr. OBERSTAR. The gentleman's overall number is correct, which is roughly $1.2 billion for New York, about $563 million for Wisconsin, but half of that under the Appropriations Committee proposal goes out in the first 90 days. So the real question is, what would be the average size of contract and the number of contracts that you would have to award bids on in the first 90 days on $600-plus million?

Ms. GLYNN. The range would be from adding money into existing contracts, which is a bit of what we would do, to new contracts. A bridge contract would be $2 million. A bridge contract in ramps in Staten Island, although they might not be in the first 90 days, could be $40 million or $50 million. So the range of contracts would be all over, you know, quite varied.

I want to make the point that we have existing contracts. So in a lot of cases, it is simply a question of a contract amendment, not a full bid. And because we have those existing contracts, we can use those contracts in the earliest days and, as the Chairman suggested, not wait the full time to start moving some of this money out. We are prepared to move more significant contracts out—some within the 90 days—which is why we are glad that a portion of the funds would follow after 90 days.

Mr. SHUSTER. Governor.

Governor DOYLE. I am sorry, I just do not have the numbers of how many contracts. We can certainly get them from our Department of Transportation, but the general gist of the question is certainly a really legitimate one, and it is one of the things that keeps me awake at night, worrying about are we going to end up without being able to take care of this opportunity.

I guess I am here to say, in talking with our transportation people, we will meet this. We will do whatever it takes, and we will meet it. We obviously feel we would have a little bit more ease if it were 120 instead of 90, but if it is 90, we are going to get this job done.

Mr. SHUSTER. I understand that Governors across the country are saying, ″We will take the money. We are not complaining.″ I just want to make sure that 90 days out, we do not have all of this money coming back because Wisconsin and Pennsylvania and California just could not do the timeline, which is pretty tight.

If I could just ask, really, a question to you, Mr. Chairman, and to the staff. In the legislation that I cannot find—and we have looked through—are there any teeth in there that say, for instance, a State spent $1 billion in maintenance last year, and now we are going to give them $1 billion more, what is to stop the Governor and the legislature who are having budget trouble from going in and saying, Okay, We are going to cut our transportation spending by $500 million and replace it with that from the Federal Government? Are there any teeth in there so we can stop that from happening? Because I think the idea is not to just have a shell game here.

Mr. OBERSTAR. From the outset it has been our position, and our legislative language is about maintenance of effort, that each State has announced its program of projects for the current fiscal year. You stick with it. In addition to that, this money that comes into your State—this $563 million, this $1.2 billion for New York, this $563 million for Wisconsin and so on, Pennsylvania is in the $1.2 billion range. That is in addition, and we do not expect the States to take 100 percent funds and substitute that for 80-20 projects. You have your program of 80-20 projects. The law will require the State to continue on that course, and this will be a supplement. The purpose is to have a net gain in jobs, not standing and treading water.

Mr. SHUSTER. I agree with you, Mr. Chairman. But are there teeth in the legislation to be able to say you cannot cut your transportation budget?

Mr. OBERSTAR. That is our legislative language.

Mr. SHUSTER. I have seen my Governor. He can dance pretty well, and I have seen him tap dance around issues. It would not surprise me to have the Governor of Pennsylvania slash the budget, because we were facing, I think, about a $1.5 billion shortfall in our State budget. This is an easy way, unless there are real teeth in the legislation, to do that.

Mr. OBERSTAR. The specific language, sayeth the gentleman, is ″As part of this certification, the Governor shall submit to the covered agency—″ that is Federal highways in this case—″a statement identifying the amount of funds a State planned to expend as of the date of enactment of this act from non-Federal sources of the period beginning on the date of enactment of the Act through September 30, 2010.″

Then we will find a way to cut them off if they are substituting.

Mr. SHUSTER. Thank you very much.

Mr. OBERSTAR. I thank the gentleman from Pennsylvania for that. That goes to one of the core issues that we are addressing in this legislation. We intend to hold the States to that.

Now the gentleman from New York, Mr. Bishop.

Mr. BISHOP. Mr. Chairman, thank you.

I want to thank the panel. Commissioner Glynn, thank you very much for your efforts on behalf of the people of the State of New York.

I want to just sort of follow up on sort of the import of the question that Mr. Shuster was raising. His concern is that States will simply not have the manpower to push as much money out the door as possible. I know you and I have talked about this. You are committed to that, and you make the point that you have existing contracts that can simply be expanded.

It seems to me that a way to make sure that we push as much money out the door as possible is to see to it that the suballocation process works as quickly or as well as possible, because the same way that the State has existing contracts, so also do the counties, so also do the towns, so also do the villages.

So my question to you is, in New York, how well do you feel that suballocation process currently works? Further, have you been working with your colleagues on the county levels and on the town levels to see to it that they have projects and that they are, in fact, shovel-ready?

Ms. GLYNN. Yes. This is going to cause us to do something that we probably should have been doing all along, but we are reaching out to our counties and to our cities and towns directly, not just to the MPOs but going with our MPO partners a level deeper and making sure that we are hearing of and have an opportunity to screen projects that might be good candidates for this.

Now, as a matter of fact, we had a task force go out to Long Island last week—we had one then go to New York City, and it is going to be replicated across the State—meeting with local leaders and meeting with local industry to make sure that if there are projects that are good candidates, we hear about them. If they are not good candidates, we tell people what the problems are, because we need to make sure that we are getting to the projects that are, in fact, ready to go. And we want this to be an ownership-blind effort, which means that we need to reach out and work with government stakeholders at every level.

So the suballocation, as it has been framed to date, is workable, and we have had very good discussions with New York City as a beginning part of that. We have an MPO meeting coming up which I trust will be very fruitful. It is going to challenge us to do what we should be doing, and I think we will end up with a better, more workable transportation planning system because of it.

Mr. BISHOP. Well, I thank you for that, and I know that I have been meeting with my county people and with my town people and so on. So, to the extent that we can see to it that as much money flows to local government as possible, I think would be helpful to all of us, with all due respect to New York City, Mike.

Again, when you and I spoke, you were committed to getting as much money out the door as possible, but you were also concerned about how certain constraints that New York law imposes on the process by which Federal funds are awarded would have an impact on your ability to do that.

Can you talk a little bit about that in ways those concerns might possibly be mitigated?

Ms. GLYNN. Yes. Well, this is really a reflection of the Federal system we have. The New York State DOT does not have the capacity to do design-build. Most of the States in the country, the DOTs do have the capacity to do design-build. We are fortunate in that some of our authorities, particularly the transit authority and others, have that capacity and they may call upon it. We wish we did, and we have periodically and probably will again be encouraging our State legislature to give it to us.

So that is a tool which we do not have available to us, but as everyone else is, we are simply going to find jobs that can be put out there without the benefit of design-build. If our State legislature chooses to equip us with that tool, we will be delighted to employ it.

Mr. BISHOP. If I can be helpful to you in that regard, let me know, please. Thank you all very much.

Thank you, Mr. Chairman. I yield back.

Mr. OBERSTAR. Mr. Shuster raised a question a minute ago about the slowness of State agencies in responding. We are being very slow on this committee because everybody has got 5 minutes.

In consultation with the Ranking Member, Mr. Mica, on our next round we will limit time, including the time of the Chair, to 3 minutes per member. And we will start from the junior members, going upstream, instead of upstream down to the junior members so they get a chance to participate early on. We will have votes at approximately 12:30—a 15-minute vote followed by a 5-minute vote. I hope we can get through this round of questioning.

Mr. Schock, our new member from Illinois, took the seat of the incoming Secretary of Transportation, so we expect you to be right on the ball on transportation issues.

Mr. SCHOCK. Thank you, Mr. Chairman. I like your idea of the first shall be last. Is that what you said?

I am going to be very brief. I just want to make a couple of comments. First of all, I thought by becoming a Federal officeholder and in coming from the State legislature, I might have more input on where Federal dollars go, since Article I of the Constitution gives us the power of the purse. However, I want to express my extreme displeasure with the impending stimulus bill, for a number of reasons.

As you mentioned, I just want to echo: Where is the beef? I think we are completely lacking in terms of spending for infrastructure. In my district, in central Illinois, I know the public seems to believe that by and large this money in the stimulus package is going to be spent on infrastructure. At this point, that is not the case, and I think that is a point we need to make to the American people to again apply pressure. I think we are the most powerful committee in the Congress; we are the largest committee, and the last time I checked, our vote should matter.

Second, I am very disappointed that we, as Members of Congress, are not going to have more input on where these Federal dollars go in our district. I would submit to you that we, as members elected by our constituents, know better than a bureaucrat in Washington or a bureaucrat in our home State and in these agencies, where the money ought to go. I find it offensive that some believe that we, as duly elected Members, cannot weigh in on where these Federal dollars go without doing it in some way that would be unethical; i.e., earmarks.

I, for one, believe we should be able to submit projects, to defend those projects in the light of day on where that money ought to go. If I, as a Member, am going to have to vote on one of the largest spending increases in our country's history, then I believe we ought to be able to weigh in on where that money is spent.

Now, I know we have the distinguished Governor here from Wisconsin, a neighboring State of mine. I am from Illinois, the proud home of our new President and the not-so-proud home of our Governor, Rod Blagojevich. I do not need to tell this committee or the world the situation we are in in our State.

Once again, I would suggest that by limiting earmarks, by eliminating Members' input in where the money goes—that input being that of the Federal Members of Congress—and giving the blank check to the State governments, the State Department of Transportation, and thinking in some way that that money will be handed out more judiciously, I think is mistaken.

So, for the record, I just want you to know that I am extremely unhappy with the process from the standpoint of how much money is actually going to be spent on infrastructure as it stands right now and also our lack of input on where the money will ultimately end up.

Mr. OBERSTAR. The gentleman has a bright future on this committee.

As our former Chairman, Mr. Shuster—predecessor of the current Mr. Shuster—said, "We are not potted plants on this committee or in this Congress." But the gentleman will have plenty of opportunity to support member high-priority projects when we come to the long-term authorization and to projects of greater significance.

Right now we said we are going to go with those that are already designed, engineered, EIS completed, right-of-way acquired, and that can be under construction in 90 days. We are going to hold you to it.

That is enough from my side now. We will jump to the gentleman from Pennsylvania, Mr. Carney.

Mr. CARNEY. Thank you, Mr. Chairman.

Mr. OBERSTAR. I am sorry, I skipped the gentleman from Illinois, Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman. And I would like to applaud the gentleman from Illinois who preceded me there. I think that, unfortunately, there is a sense that $800 billion are going to, as I read in the Chicago Tribune yesterday, $800 billion road projects bill. I wish it was 800 billion for roads. I would settle if all of infrastructure had 800 billion. I would settle for one-tenth of that.

Unfortunately that is not the number that we are talking about right now, but that is what people see, unfortunately. Hopefully they will understand that that is not what this bill is right now. But we will have a long-term bill that I know the Chairman is ready to go on, get that moving in this committee, and look at the long term and take care of a real long-term view of transportation in this country. It is just critical to the entire economy that we do take care of our transportation infrastructure.

Now, I just want to focus, since we have Carole Brown here, I want to focus a little bit on transit. I am a longtime CTA rider for many years, from when I was a kid through high school, taking the CTA to school, the hour, hour-and-a-half trip I took there on CTA. Fortunately we have the orange line now. It would have been a little bit simpler back then to get to downtown with the orange line.

But in the stimulus bill you had stated—and I know it is a very tough job right now with the CTA in terms of what is needed for CTA to operate. So many more people have been taking private-public transportation since gas prices went up, and they are still taking it even though prices have come down.

I know you are doing a great job there with the CTA and with managing all that, but I know that you had mentioned in your testimony that earlier the CTA could easily spend at least $500 million on fixing the slow zones, which really are a big problem there. You have come a long way, but still there are problems with that. So the CTA could spend the $500 million within 90 days. However, in the stimulus bill, Illinois as a whole will get, as it is written now, about 550 million for public transportation.

So I just want to ask you, what do you see? How much money do you think could be spent, needs to be spent and could be spent within that 90 days to help fix the problems right now? And what is going to be the consequence that we are not going to be able to do that?

Ms. BROWN. Thank you, Congressman, and thank you for the support that we have gotten from you at CTA for transit. We had anticipated that we would get approximately from the bill, approximately $230 million which we would spend for tie work, for track construction work, to purchase buses, and do bus and rail car overhauls. As you know, some of our rolling stock is aged, and so to keep it safe and on the system we need to complete those overhauls. And so that is what we would spend, and this is an ongoing process for us. And so we know that we could get that money obligated in the first 90 days easily.

We have also identified additional track, station facility work, and tie work that could be completed, substation work that could be completed if we had $500 million within the 90-day period. Our entire capital need, as I have stated earlier to get our system to a state of good repair is $6.8 billion. And so if you were asking me how much money do we need, we need $6.8 billion. Can we spend all the $500 million coming to the State? Yes. Can we spend the 230 million that we think would come to CTA from the 500 million coming to the State? Easily.

Mr. LIPINSKI. And what is going to be the issue that you are facing not having that funding?

Ms. BROWN. I think our biggest concern is the condition and age of our rolling stock. Particularly, as you know, rail travel is much more efficient, it is more cost-effective. As our railcars continue to age and we do not replace them, what tends to happen is that, one, we cannot meet the capacity demand, so as ridership increases there will be challenges with us, but as railcars age the maintenance costs go up. And so the capital cost required to run the system and maintain the system increases. So the biggest challenge for us would be not being able to replace the rolling stock in a timely fashion.

Mr. LIPINSKI. Thank you. And I know Chairman Oberstar has been out to Chicago many times and has seen the issues here and is going to be a great leader in making sure that the reauthorization—or the authorization bill is going to make sure that throughout the country we do take care of public transportation.

Mr. OBERSTAR. I thank the gentleman. Before I go to Ms. Hirono, I just want to—further to the question Mr. Shuster raised—the Federal Highway Administration— in response to my question, has said that States may contract with management consultants to expedite State processes. Under current law we do not have to do anything to that. And those financial or those management services may include financial management, procurement, scheduling, cost control, design, and construction management and performance. So there are devices available, authorities available to States to move ahead under existing law.

I just wanted to confirm that. The gentleman raised an important point and I think that should be included in the record at this stage.

[Information follows:]

Excerpt from Document Provided by the Federal Highway Administration
To the Committee on Transportation & Infrastructure

January 12, 2009

Actions That Can Be Taken To Expedite
Economic Recovery Delivery

4. Managing the increased project load

Strategies to Expedite:

States can utilize consultant services for contract management; and if unencumbered by hiring ceilings will need to organize, and quickly hire and train people in the skills needed to properly oversee the work.

5. Accelerating the contracting process

Strategies to Expedite:

The State can use design/build and the flexibility to shorten bid times. Other concepts from Highways for LIFE and ACTT (Accelerating Construction Technology Transfer) may be of interest for states to consider.

Some State DOTs have begun to solicit Management Consultants to assist their Local Government Section (responsible for administering the Federal Aid program for local municipalities) in anticipation of the projects that the State expects from the municipalities around the state.

States may want to look into setting up contracts that provide the kind of management services essential to moving a collection of projects – including financial management, procurement following federal procedures, scheduling, cost control, design and construction management, and performance management reporting. This would not relieve a state from having someone in responsible charge of such activities. In keeping with federal cost principles (2 CFR 225), such costs determined to be "indirect" in nature must be charged to an approved indirect cost allocation plan for distribution to all benefiting cost objectives or paid for with State funds.

Such a task order contract could (1) fill gaps in capacity to deliver a highly peaked, high visibility and high political risk stimulus program, or (2) provide "insurance" in the event they or other agencies in the state need immediate access to such resources. Such a contract would be a clear risk management/mitigation step and at no cost to the client if tasks are not assigned.

Mr. OBERSTAR. Ms. Hirono.

Ms. HIRONO. Thank you, Mr. Chairman. We have had some discussion in this committee about the importance of thinking about our transportation in an intermodal way so that we look at highways, airports and transit as one system. And that when the system is working in concert, we get more bang for the buck. So I wanted to ask perhaps Governor Doyle, with your statewide perspective, three questions. And if any of the panelists vehemently disagree, you can pipe in. I wanted to ask you whether you think what I would describe as intermodal GLBL strategic spending, whether you think that that is a good idea? First question.

Second, how much of this kind of strategic spending is reflected in the shovel-ready projects that you have on the books? I realize that that is hard to reflect that kind of intermodal thinking when time is of the essence with these projects.

The third is, briefly, if there are any restrictions or limitations in the current formula funding, our siloed funding for highways, airports, et cetera that would make intermodal strategic spending harder or difficult?

And if you have ideas along those lines perhaps we can talk about it later. I for one am very interested in promoting intermodal strategic spending.

Mr. Governor.

Governor DOYLE. I will agree with you, and I will say from a Wisconsin perspective we have not done a very good job of it. It is one of the areas where the Recovery Act, I believe, actually will spur us to move in the right direction. We, for example, do not have regional transit authorities in the State. It creates a terrible problem in which one jurisdiction has an aging, decaying bus system and they don't have a method to integrate that with a train or a bus system.

And I am prepared and will be proposing as I introduce a budget in the next several weeks that we will move to regional transit authorities in the State of Wisconsin, something, again, I am embarrassed to say we lag behind many other States. But it gives us an opportunity to merge our bus and rail systems, particularly in southeast Wisconsin, which is a largely urban area, extending north from Chicago to Milwaukee, in which we have a series of just isolated bus systems and some rail; but we really want to focus on how we will be able to have people move out of the Chicago area, coming north to Milwaukee, to be able to get on a train that moves quickly, get off a train, and get onto a bus that gets them to a place of employment. So this is extremely important. We are prepared to increase State funding for this.

In terms of the maintenance effort issues. We are about to make major investments in Wisconsin of State money into intermodal transfer.

I think others here who are real experts in the transportation field could answer a little better the question about what are some of the Federal silos and how it affects it. But I agree with you again. What our design is we want to have good passenger rail, we want inner city and we want to have good regional transit systems. It is an area where I wish I could tell you we had done a better job, but we haven't and we need to step it up. And actually, as I say, I think we can use the pressure that comes from this particular recovery package to say these are things that need to get done in this State.

Ms. HIRONO. We have about a minute, if any of the other panelists want to talk about the Federal funding silos and how we can overcome the silos in promoting intermodal strategic pending.

Ms. GLYNN. It is a very important objective. We have a project, not for the stimulus per se, called the Tappan Zee Bridge, which you will be hearing a great deal more about in the future. And the Federal institutions with the different authorities are not set up with concurrent processes. So to have an analysis that you look at highway and transit at the same time for meeting the same societal needs takes special effort by our Federal partners. And we have been fortunate in receiving that special effort, but it shouldn't be special, it should be everyday.

Ms. HIRONO. Thank you, I yield back.

Mr. OBERSTAR. Well, we are quickly putting to rest a ghost of contracting past and ushering in a new era of quick action. I want to thank all our panelists for that.

Mr. Carney.

Mr. CARNEY. Are you sure?

Mr. OBERSTAR. Yes. This time, yes.

Mr. CARNEY. Thank you, Mr. Chairman. I certainly appreciate that. We must do that in Congress.

A couple of points. First of all, I really want to associate myself with the remarks of Mr. Shuster. We want to make sure we do the contracting quickly.

You mentioned that in the legislation we can actually hire contractors; is that correct?

Mr. OBERSTAR. Yes. The Federal Highway Administration says under current law, we don't need anything new. They affirm States contract with management consultants to expedite their processes.

Mr. CARNEY. Okay. Do the States have to contract with the contract contractors, then?

Mr. OBERSTAR. There is a lot of authority, a lot of leeway for the States.

Mr. CARNEY. Understood.

Mr. OBERSTAR. I don't know what you have in mind.

Mr. CARNEY. I hope the States do, because if we are going to be crushed by spending a lot of money that we can't, that we—if we are going to hire, I assume probably almost every State will be in a position where they have to hire at some point private contractors.

Mr. OBERSTAR. If the gentleman would yield.

Mr. CARNEY. Sure.

Mr. OBERSTAR. I think the point Mr. Shuster was getting at is do you have the capacity in the State to do it. Governor Doyle wasn't quite sure how many contracts they would need to push out. Neither does Ms. Glynn. But if they don't have the capacity in house, personnel capacity to manage these contracts and get them out the door quickly, they can engage consultant services to do that for them.

Mr. CARNEY. Okay, okay, thank you very much. I know in Pennsylvania, for example, it is an issue.

The question I really have is for everybody. I was really struck by the multiplier effect of the stimulus package. And Mr. DeFazio earlier brought this up. How many, from all your perspectives, if we go to U.S.-only manufactured cars, buses, trains, things like that, would it affect in a negative way or positive way? Because if we are truly going to have a multiplier effect from the stimulus package, I don't want that multiplier effect to be outside this country. It has to create jobs in this country.

Mr. OBERSTAR. If the gentleman would yield again. The BuyAmerican provision that I authored in 1982 still applies. It applies today and it is going to stick into the future. We are going to reauthorize it in the next authorization legislation. It requires American steel, American products, total final assembly for buses, for railcars, to be done in the United States with American-made materials.

Mr. CARNEY. Thank you. And that is part of the stimulus package as well, correct?

Mr. OBERSTAR. Yes, it is.

Mr. CARNEY. Thank you very much.

So you are all good with that? Okay. Make sure we do that, because that multiplier effect is critical. If the stimulus is actually going to stimulate, you have to have that. Thank you, Mr. Chairman.

Mr. OBERSTAR. You certainly don't want it stimulating Bangladesh, as this economy has been doing for a long time. Mr. Hall.

Mr. HALL. Thank you, Mr. Chairman. I would like to welcome all of our guests, especially Commissioner Glynn from my State of New York. Welcome. Thank you for the work you do for the State of New York and for the Hudson Valley. It has been a pleasure to work with you and your staff in meeting the transportation needs of the 19th district.

You arranged a tour for me of the 13 bridges in my district that are on the deficient list, a couple of which you mentioned before. The I-84 bridges of Putnam County, I notice several of those bridges are scheduled to be repaired or perhaps have repair work already underway. If the economic recovery package is approved, hopefully it will be addressed sooner.

I was struck by one of the charts in your submitted testimony showing that there is a gathering storm, as you said, of bridge needs approaching. According to your chart, almost 3,000 bridges in New York State alone will become deficient in the next 10 years. How much money will it take to fix these bridges? And how will that money be raised? And is New York unique or are other States facing similar crises in similar time frames?

Ms. GLYNN. New York, unfortunately, is not at all unique in that respect. This is a story that has replicated across the country, partially because we are reaching the end of the useful life of great deal of investment that we made about 50 years ago. So the bridges that we face in New York, those 3,000 are our version of a story and a significant part of a national story. We look at those bridges and part of the answer to the question as to how much it will cost depends on when we can take the action. That is one of the reasons why this bill has such special benefits for us.

If we can work on a bridge early, if we can do preventive maintenance and rehabilitation instead of full replacement, we can do it for anywhere from a third to a quarter of the cost that we would face if we had to defer it until time and money allowed.

The bridge I mentioned earlier in Putnam County, if we can move it up because we have the money available, if we can do it now, save 3 years, we can save $3 million on that one bridge.

So the answer to your question, I hope, will be a lot smaller dollar cost if we can make that investment now.

Mr. HALL. Thank you, Commissioner. As a New Yorker I am particularly proud of our transit system which is one of the greenest transportation systems in the country, always striving to do better and to be more energy-efficient. Your testimony includes the fact that MTA needs to replace 600 subway cars and 440 commuter railcars over the next 5 years, not to mention 3,000 buses. On top of that, MTA has significant infrastructure and physical plant needs.

I am disappointed by the amount of money in the proposed package for transit, and I wish it was higher not only to fund the needed improvements but also to modernize our transit systems and make them cleaner and more carbon-neutral. If increased Federal funding is not provided for these needed transit projects, how will they be financed?

I also would ask as a second part of that question, I have seen hybrid buses in Colorado and we have some in Westchester in the county bus system. And are you or MTA, to your knowledge, moving toward hybrid buses and/or CNG buses?

Ms. GLYNN. MTA and the rest of the authorities throughout the State are working to make their fleets as clean as they can, as quickly as they can.

As you know, MTA is facing significant financial challenges and we hope that the Ravage Commission which reported out about a month or so ago will enable MTA to make progress. But again the dimension of time comes in. As MTA moves further from the state of good repair, the ability to enhance and improve its fleet with needed improvements, such as moving to a greener technology, gets further and further away from the presently doable. So that is part of what we hope.

Mr. HALL. Thank you. One last quick question. Can you discuss in more detail some of the proposals you make in your testimony of ways to improve the FTA processes with respect to the pending recovery package? And can those changes be made by regulation or agreement with the FTA, or does this committee need to pass legislation?

Ms. GLYNN. We believe that most of those changes could be done internally with the FTA and U.S. DOT. In most cases it is really a question of speeding up existing processes. For instance, grant approval could in most cases, particularly with standard items such as buses, be done in 30 days rather than the much longer period of time it often takes. These are one of the good parts about the ready-to-go quality of this, is these are fairly standard items. We are using existing procurements. FTA should be able to expedite their processes just as we are expediting ours.

Mr. HALL. Thank you, Commissioner, thank you Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman. I thank you for the response. Mr. Duncan.

Mr. DUNCAN. Well, thank you, Mr. Chairman. I don't have any questions, I know you want to move onto the next panel as quickly as possible. But I did want to say one thing, and that is that I have read many articles over the last 2 or 3 months about the various stimulus proposals, and I have heard many commentators discuss this legislation on television and on the radio. And almost all of them talk about stimulus, about building highways, roads, bridges and water projects; in other words, the work of this committee.

And so it is disappointing to some of us, I think most of us, that we requested out of this committee 85 billion, which is about 10 percent of the package that they are talking about, the 850 billion, and that 85 billion was cut down to 63 billion, 63.3 billion. So the support for the stimulus package is being built on the back of this committee, and yet you are talking about a pretty substantial reduction. And I just wanted to point that out, because I hope we can work to overcome this shortchange later on if we don't do it in this bill. Thank you.

Mr. OBERSTAR. Well, I thank the gentleman for that observation. I think he speaks for Members on both sides of the aisle. I have heard it on both sides of the aisle, and in this committee there is hardly an aisle. The purpose of this hearing, I think, is being achieved, and the purpose was to demonstrate to CBO that we can overcome their concerns that the money won't flow fast, can't be committed in the time frame we envisioned, won't create the jobs in the time frame we set forth. I think we are painting a much more robust picture.

Mr. Arcuri.

Mr. ARCURI. Thank you, Mr. Chairman. I would like to thank the panel very much for being here. Sorry I was gone for a little bit. I would like to thank Commissioner Glynn, my commissioner in New York, for being here.

Forgive me, because we had little of this discussion before, but there is a point I would like to make. And that is, probably one of the greatest infrastructure projects that this country ever experienced was the Erie Canal, and it was started in a little tiny community, a place called Rome, which of course happens to be in my district. Well, Rome wasn't even on the map, and a lot of people say they started it Rome because it is in the middle. But I think they started it because of the vision that they had. They were afraid that if they started in Albany, that they would only get to Schenectady, but if they started in Buffalo, maybe they would only get to Rochester. But if they started it in a very tiny community in the middle, they would have to get to the two points that they wanted to. They did that. And of course, as a result of that, it helped to open up the West and make New York City one of the greatest cities in the world.

The real point of that story is that this little tiny community that didn't exist, called Rome, became a thriving city because it became part of the Erie Canal. That is the vision that our forefathers had and the vision that I think that this stimulus bill should have.

It is critically important that we create jobs, but I think we should do it with a vision toward improving our infrastructure and improving our future. So I would like to direct the question primarily to you, Governor Doyle, and to you, Commissioner Glynn. What vision should the States be taking in terms of spending this money to not only create jobs—and I know you have spoken quite a bit about rail—but what kind of vision should we be looking at?

Governor DOYLE. Well, I do believe that there is a very important part of getting people to work. So before I sort of address the vision, I think we do have projects, and getting people to work quickly is what I consider to be one of the real priorities of the stimulus package. We also recognize that the level of funding that is talked about, this is not going to create our great vision of transportation in Wisconsin and across the country, but it can be a very, very important piece of it.

So I will tell you what my vision is and everybody on the panel, other Governors, may have very different. I think the intermodal discussion that we have heard, we need to have a modern infrastructure from the airports that we go to.

I just had a son and daughter-in-law, she is 7-1/2 weeks pregnant, try to get out of Dulles yesterday, and let's say they finally ended up getting out of Reagan about 12 hours later. So from improved air service to a Great Lake State like Wisconsin, improving our ports. Great Lakes shipping is coming back to life, particularly as gas prices hit the levels that they did.

A modern road system that has been mentioned, we are replacing in Wisconsin and all across the country now, a road system that was built largely 50 years ago and now is in great need of repair. And as I talked about here, I really believe and hope that part of this is a vision of intercity passenger rail coming back to life.

And in the Midwest, and again the Chairman has been the great champion of this, but if you think of what the benefits are of connecting with high-speed rail in our part of the country and in the East, with greater populations, it is even more so. But if you can connect the Twin Cities through Madison and Milwaukee and Chicago with high-speed connections that go to St. Louis or Cleveland or Detroit, Columbus, it would be just enormously beneficial to the economy of the middle part of this country.

I do want to make one final point, though. It also to me, I hope our transportation policy—and somebody has talked about this today—is very tightly tied to a rebuilding of the manufacturing infrastructure of this country; that this isn't just about cars driving around or trucks driving around, but that we actually are once again committed as a national policy across this country of rebuilding. We are a strong manufacturing State. And we have seen the decline for a lot of different reasons we could talk about, but transportation is vital to that. So I hope that the transportation vision we are talking about is also a vision very closely tied to the rebuilding of the manufacturing infrastructure of America.

Mr. ARCURI. Thank you. Commissioner Glynn.

Ms. GLYNN. I would echo a great deal of that, and particularly add, I would hope it would be not only a system that is in better condition than the system we have now, but one that is well balanced between modes and one that gives clean choices to people.

Right now all too many of our people have no choice but to use a form of transportation that is not what we want from the standpoint of air quality. And I would hope that we could have a balanced transportation system so that our people could decide what works best for them and for their children and their grandchildren in terms of the quality of life to which it contributes.

Mr. ARCURI. I won't ask any more questions, but one more point and I think the panelists here are in a good position to do something about it. I think one of the things we need to really focus on is connecting our big cities to our rural communities. And there are representatives from Chicago here, New York and Milwaukee, and clearly I think that is very important, representing a rural urban district. We need to connect and access people into our urban centers. So thank you all very much for being here.

Mr. OBERSTAR. I thank the gentleman for his history lesson, it is a very important one. There will be plenty of time for vision in the authorization to come up in the next 6-year program, and your ideas are right on. Right now our vision is jobs by June 1st, a million construction jobs.

Mr. Kagen. And we will have maybe just a few more minutes; it looks to me from my monitor here that they are wrapping up on the House floor.

Mr. KAGEN. Thank you, Mr. Chairman. I will not give an oration, but I will point out the contrast that with the amount of money that is in this bill, it is about almost 4 months of what we are spending over in Iraq. So where I come from in northeast Wisconsin, everybody I represent, when I ask them the question, hey, look, I am your hired hand and have your Federal tax dollars here, where do you want me to invest your tax dollars? In the sands of Iraq or here at home? Everybody said, Here in America, not other nations. So in terms of the dollar amounts we are spending, when you compare it with what we are doing in Iraq, there is clearly no argument that we need to move forward by rebuilding America.

So let me ask just a few questions to Governor Doyle. Isn't it true that you have plans on the shelf with Frank Wislocki, Wisconsin Department of Transportation director, ready to go? Is it not also true that Wisconsin is a winter State and there are two seasons— winter and construction— so we understand how to get things off the shelf and into the ground?

Governor DOYLE. Yes, obviously. And some of it goes back to the question about contracting in a State like Wisconsin. Our great bulk of when we do the big volume of this is as the ice is starting to melt and we can actually get to work again.

Mr. KAGEN. So we are ready to go.

Governor DOYLE. Ready to go.

Mr. KAGEN. Mr. Chairman, the shovels are ready. They are warming up in the garage as we speak.

I would also like you to comment very briefly about the revenue-sharing percentage with regard to the railroads. There has been some suggestion there ought to be an 80/20 percent Federal-State ratio. Would you make a comment about that?

Governor DOYLE. Let me say I do think it is wise that there is a buy-in here to demonstrate a real commitment by the State and the communities. For purposes of the stimulus package on many of these matches, I believe, I hope, the Congress considered waiving them in a short-term period of time. I do believe you need to have buy-in. We do it as you go down the ladder when we are talking about cities and townships. We want them to be able to say, this is really important, because we are willing to put our resources behind us. I think that is important for rail. But again I can see a reason to suspend that right now for purposes of the stimulus package.

Mr. KAGEN. Is there any problem in the State of Wisconsin with regard to any commitments or restrictions on the use of the money? Is that a problem in terms of your leadership or any other government that you know of? Can't Governors live within that restrictive language?

Governor DOYLE. I can. I have not polled everyone, but we are going to live with what—if the money is coming and these are the conditions, we are going to meet the conditions.

Mr. KAGEN. Thank you, I yield back my time to the Chair.

Mr. OBERSTAR. I just want to say in response to the Governor's comment, in what is left of the rail funding, we had $5 billion in our proposal; that has been cut to a billion. It is 100 percent Federal funding, so there is no local match requirement.

Now we have 15 minutes to vote. And the gentlewoman from California, Ms. Richardson.

Ms. RICHARDSON. Actually, I have a question to you or comment to you, Mr. Chairman, based upon the testimony that we have heard today. Let me start off briefly by saying that during the break—and this is building upon my colleagues' comments—during the break I went to lease a car, which we all do, most of us do as Members. And many American companies, GMAC for example, received a substantial amount of money. And yet when I as a normal citizen went to lease a car, they said they were no longer leasing, and here they were leasing to the Federal Government. And then when they finally did agree to lease, they charged an interest rate of 25-1/2 percent.

And so what I did, I went to another company, a foreign company, Toyota, who produces a hybrid which fortunately they make in Kentucky, in America, and I got for half of that rate. And so my comment is, to build upon my colleagues', we must ensure that the language is clear; that any State that has the benefit of these dollars must ensure that they will not take these dollars to balance their budget.

In California we have stopped construction projects. So to say okay, now they have stopped construction projects waiting on this money, which is really balancing their budget. And so I urge you, as my other colleagues have said, and you stated what the current language is, but we must ensure—because it already happened to us once with the first $350 billion—we must ensure that these dollars, that the Governors are clear that the dollars should not be used to balance their budget, but in fact will be used for new construction projects.

And then my final statement, Mr. Chairman. You know, I come from the old school of you can either give a man or a woman a fish or you can teach them to fish. And I am quite concerned of the testimony that I have heard. I have heard comments of, well, we are going to have seminars. I think it was Ms. Glynn—we are going to have seminars, teach people, make sure they are aware of the skills that will be needed. I heard Ms. Brown say, well, we are going to utilize existing contracts. Existing contracts is only having people who are working today continue to work. The goal of the economic stimulus is when we walk away, new people will be working. And we can simply have people who have existing contracts work overtime if that is the case.

And so we need to ensure that the language in this legislation says not only are you going to get this money, but you have to show what new jobs you are bringing to the table. And then I think we have answered the American people. And then, by the way, if we have new people who are trained, when our SAFETEA-LU reauthorization comes along, they will be ready and able to start those new projects. But otherwise we will be really losing the trust of the American people.

Mr. OBERSTAR. The gentlewoman makes a very important point. First of all, it will not be reauthorization, it will be a new authorization.

The legislation, our provision, our portion of the economic revitalization, requires a maintenance of effort. I have already read the language into the record. I will say it once again, that as part of the certification the Governor shall submit a statement identifying the amount of funds the State planned to expend as of the date of enactment from non-Federal sources in the period beginning on the date of enactment of this act through September 30, 2010. And these funds are to be in addition to, so there is a maintenance of effort required. They can't substitute these dollars for already planned dollars.

On the use of existing contracts, what Ms. Glynn was speaking to is the transit agencies already have orders for two original equipment manufacturers. They can extend that contract and purchase additional equipment that will allow the OEM then to place orders for engines, transmissions, brake assemblies, air-conditioning, structural steel, so that we can get a jump start on building the additional. These are not just using the existing contract, but using that contracting authority to build on and build another segment of highway or order additional buses to expand your fleet.

And the acquisition options can be exercised in days rather than months. They can place immediate orders to OEMs, companies and suppliers can increase their production rates, so that the language that she was addressing is very technical in nature, but it is something I have already discussed with these transit agencies nationwide. And I want them to use that authority so they can get a jump-start on extending the existing contracts, create additional jobs, while maintaining their current effort.

Ms. RICHARDSON. Mr. Chairman, no one has worked harder than you to make sure this is a good bill, and the public needs to know that.

Mr. OBERSTAR. Thank you for your vigilance. Ms. Edwards will be our last member to comment.

Ms. EDWARDS. Thank you, Mr. Chairman, and thank you to the panelists, for a very interesting discussion. My question has to do with the ready-to-go, shelf-ready, let's get it done in 90-day formula, and what you believe that means to women, minority-owned, small businesses and their capacity to take advantage and get some of the opportunities, especially coming back down to local communities.

And so I understand things are sitting on the shelf and there may be contractors waiting and the bids have been done. But can you just explain to me what you envision in your States to be able to create some of these opportunities for these particular businesses? And what might be some barriers that we can be on guard for to increase that, looking at things like capitalization, bonding, expanding the credit capacity for these businesses?

Governor DOYLE. We just completed the largest public works program or project in the history of the State of Wisconsin, which was rebuilding what we call the market interchange which is the largest State interchange in the State of Milwaukee. And we did it with about 25 percent women- and minority-owned businesses. And so we have developed a very strong outreach of how we get to let people know what the opportunities are.

I think coming out of that, we developed a series of new contractors, not necessarily the biggest concrete people, but who do other kinds of work, who are ready to go. We have been using them.

The second big project, without boring you all about our projects, it is a rebuild of the big interstate system between Milwaukee and the Illinois State line. And many of those smaller contractors are now lined up and ready to go.

So we are have had a very, very effective outreach. Now this will be a little bigger challenge to us because of these very restricted time limits. We will not have the time to do that outreach, nor will we be able to probably break some of the bids into smaller component parts that let smaller companies. And what we have talked about doing as part of our major effort here is to probably require some of the larger contractors to come in with some smaller contractors as part of those large bids, to get it done. That is our big challenge. With this collapsed time period that we have to get it done, we will not be able to let the bids in smaller segments as we have done before. And I am worried about the time on the outreach, but we have put some pretty good models into place and we are just going to have to really move those models much faster.

Ms. EDWARDS. I appreciate you saying that, because I do think that particularly bundling and capitalization and bonding are things that we really have to look to for these businesses if we truly want to expand the diversity of participation at the State and local level. I know that there will be others who will offer testimony on that, but it is a concern. And you perhaps want to share and others of you share with Governors and locals about how you do that, so that you do ensure the greatest participation of these companies. Because we are about creating new jobs, but also creating new opportunities and capacity for competition in the long run.

And I know that we have got to go vote, don't we, Mr. Chairman?

Mr. OBERSTAR. Well, the diligence of new Members, they feel they need to rush off and be there 5 minutes before the end of votes, but you don't have to go that fast. I know the Governor has to leave.

And just before he does, I want to say that on the issue of the disadvantaged business enterprises, the DBE, Ms. Richardson is concerned about them, and Ms. Edwards raised it—I discussed it with the Congressional Black Caucus— Federal Highway Administration, at our instance, has already taken initiative to urge States to begin the outreach now. The package is coming along the track to DBE contractors to mobilize, be ready, and to be certain that DBEs are in fact certified so that they are ready to go. We didn't have that participation 60 days ago, or 30 days ago, or 20 days ago. But now the reality has set in. We have a new President. It is a new era. This incentive package is for real. It is going to happen, so get with it. All right.

We will now hold this panel adjourned, recessed, and we will resume in about half an hour after these votes with Panel II, beginning with President of the U.S. Chamber of Commerce, Tom Donohue. Thank you very much for being with us, Mr. Donohue, and the questioning will begin with junior members going up to senior members.

[Recess.]

Mr. OBERSTAR. Maybe now the sound system is back in full operational condition. We had a longer time on the votes than anticipated. We will resume at sitting Mr. Brown and Chair and acting Ranking Member.

Our next panel of witnesses include Mr. Donohue. As I said earlier, Tom Donohue is the President and CEO of U.S. Chamber of Commerce; Roger Blunt, president of Essex Construction in Upper Marlboro, Maryland; John Marinucci, senior executive of New Flyer, which is located in Minnesota; Raymond J. Poupore, executive vice president of National Construction Alliance; Ed Sullivan, chief economist of the Portland Cement Association; and Tony Withington of the Amalgamated Transit Union.

TESTIMONY OF THOMAS J. DONOHUE, PRESIDENT AND CEO, U.S. CHAMBER OF COMMERCE; ROGER BLUNT, P.E., PRESIDENT, ESSEX CONSTRUCTION, LLC, UPPER MARLBORO, MD; JOHN MARINUCCI, SENIOR EXECUTIVE, NEW FLYER OF AMERICA, INC; RAYMOND J. POUPORE, EXECUTIVE VICE PRESIDENT, NATIONAL CONSTRUCTION ALLIANCE II; ED SULLIVAN, CHIEF ECONOMIST, PORTLAND CEMENT ASSOCIATION; AND TONY WITHINGTON, AMALGAMATED TRANSIT UNION INTERNATIONAL REPRESENTATIVE

Mr. OBERSTAR. So we begin with a familiar face at our hearings, on a wide range of subjects going back to the time when Mr. Donohue represented the America Trucking Association. Welcome, glad to have you with us.

Mr. DONOHUE. Thank you very much, Mr. Chairman and members of the committee. The Chamber, for your information, is the world's largest business federation, representing more than 3 million businesses and organizations of every size, every sector, and every region of the country. And we particularly appreciate the opportunity to testify today on this important subject. You may have heard the phrase "Never let a good crisis go to waste." Well, today we are experiencing the worst economic crisis since the Great Depression, but with every crisis comes an opportunity.

Today we must seize that opportunity to provide both a short-term and then a long-term boost to the economy through smart investments in infrastructure. We should start by funding ready-to-go projects as part of the Economic Recovery Package. And, Mr. Chairman, parenthetically let me say that the division of assets in that package are much too few to infrastructure, and I hope we can work together to put the heat on that decision.

Mr. OBERSTAR. We welcome your support.

Mr. DONOHUE. Thank you.

Experts have identified hundreds of such projects that could be under contract within 180 days of passage of the bill. Congress should adjust current legislative language to ensure that the funds are obligated quickly. The money would be an important down payment on meeting some of our most immediate infrastructure needs, put thousands of people back to work and help to jump-start the economy. But we must not stop there. We need a new-long term plan to rebuild America. Such a plan will require a revolution, and how we plan, fund, and bill these systems cannot be business as usual.

Congress should use the full slate of expiring transportation legislation to advance these efforts this year, including the reauthorization of the Aviation, Water, and Surface Transportation bills.

And if I make another comment Mr. Chairman, I have heard from people that run all those associations, aviation people, water people, and they all want folks to understand this is not just roads and bridges, it is all of our infrastructure. Across all modes, it is critically clear that we willneed additional revenue; therefore, every option should be on the table.

Take our highway and public transportation programs, for example. They are running on fumes and facing imminent bankruptcy. Congress will face a very difficult choice this year: to cut Federal highway investments by as much as 50 percent in 2010, followed by similar cuts in transit in 2011; or to find more revenue to support these efforts.

Clearly, more public money will be needed and we should seriously consider an increase in the Federal gas tax, which hasn't been raised in 16 years.

Mr. Chairman underline that, that just came from the Chamber. But Congress——

Mr. OBERSTAR. I have taken due note and great heart.

Mr. DONOHUE. Good. But Congress needs to change the way it spends the money first. Congress should adhere to the following principles. Earmarks as we know them should be limited, except when the criteria that are in the law are met. And projects should be subject to rigorous cost-benefit analysis that puts the public good above political expediency. Money should go towards projects that advance the national interest, and project delivery should be streamlined, eliminating red tape that leads to endless delays and unnecessary cost. And revenues must be dedicated to the Highway Trust Fund and not diverted to non-infrastructure projects.

If these conditions are met, the Chamber would support a sensible increase in the gas tax, structured in a way that would not impose unfair burdens on our motorists. I believe you could also count on the support of a large and diverse coalition that I chair, Americans for Transportation Mobility, that includes businesses, labor groups, public transportation providers, and construction stakeholders throughout the country. The coalition's faster, better, safety campaign is already generating public support for repairing, rebuilding, and revitalizing America's aging transportation system.

It also is vitally important that Congress remove regulations that limit the ability of private firms to inject billions and billions of dollars into infrastructure projects. Simple steps like lifting or eliminating the caps on private activity bonds for airports, water and highway projects, and exempting public purpose debt from alternate minimum taxes could help free up billions of dollars.

Removing regulations that make it impossible to build nuclear power plants and to put in new energy-producing, power-producing opportunities and to put in new lines that we need to support the development of new jobs in business could all come from the private sector if we were smart enough to take away some of the prohibiting regulations.

For those who are concerned about private ownership of public assets, I have a little news for you, the private sector already owns most infrastructure, from 80 percent of energy to all of broadband.

Mr. Chairman, if we are to rebuild America—and we must—it would cost hundreds and hundreds of billions of dollars. Americans have every right to ask what they will get in exchange for such a significant investment on the private side or the public side. They will get cleaner air, safer roads, less time spent in traffic, goods and services delivered more quickly and cheaply, and a more competitive U.S. economy.

If Congress were to fix only the Nation's 233 worst truck and car bottle-ups, we would see a huge return and increased efficiency and productivity, but most of all, a significant reduction in mobile source emissions and fuel use. It sounds like a good deal to me.

In his inauguration address this week President Obama spoke about Americans working together with a common purpose to achieve great things. He spoke about confronting our big challenges, not abating them. He talked about making difficult choices, not taking the easy out. Rebuilding America's infrastructure is a challenge worthy of our greatest effort. It would be a tremendous accomplishment that would pay dividends to our children and our grandchildren for years to come.

Let me conclude with this paragraph. If we make the tough decisions now and choose the right course, our transportation network will be the foundation of a 21st century economy that can move people quickly, safely, and goods easily, to handle a growing volume of freight in everything we do and to protect our environment.

We have got a great opportunity, let's do it. Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you for that resounding affirmation of the work of this committee. Although we don't have jurisdiction over nuclear power plants, except insofar as they come under the authority of the Tennessee Valley Authority, we are there.

Wait until you see our transformational program for the future of surface transportation that Mr. DeFazio has been working on for the last 2 years. You are going to love it. We are going to have an Office of Project Streamlining in the Federal Highway Administration. We are going to have an Office of Liveability in the Federal Highway Administration. We are going to change the way that the money is invested. We are going to create the 30 mega-project areas to deal with the 30 most congested areas of America, and combine resources of various revenue streams to do these things.

Mr. OBERSTAR. Mr. Blunt.

Mr. BLUNT. Chairman Oberstar, it is a delight for me to be here, particularly to hear the last panel before this one went on.

I am going to begin first by giving you a context for this presentation. It won't be long, because I would like you to open it up to questions and give the other panelists some time to speak. Yes, I am Roger Blunt, resident of Upper Marlboro. I have a business office in the same place, and I own a company that I started in 1971. Much of my first career was in the Corps of Engineers. I have been involved in the transportation and infrastructure construction field since its founding in 1971.

I am a professional engineer with registration in the District of Columbia. I hold two master's degrees at MIT, one of which is in civil engineering. And if you are in the nuclear field, I would be talking nuclear; I have one there too. My company built and operated an asphalt batching plant which supported my road building companies in the seventies. I was a member of the District of Columbia Chapter of the American Road and Transportation Builders Association, ARTBA. I also served the National Asphalt Paving Association, NAPA, as its State director for the District of Columbia from 1979 to 1984.

The projects my company undertook included total replacement of two bridges in the District, asphalt runway repairs at Reagan, the first parking facility at Dulles, concrete apron construction as well as parking lot construction all over the place. And I think before I finished, I put about 50,000 tons of asphalt in the last year on the roads in the area.

The Architect of the Capitol congratulated my company for the fine job we did on Constitution Avenue. Additionally, my affiliate and commonly owned company performed extensive work as a subcontractor for the Washington Metropolitan Area and Transit Authority. I guess my last job was about 10,000 liners for the tunnel system that I did for J.F. Shea.

In my work over the years, I have concluded that the principal impediment to growth of a small business in the construction arena is undercapitalization and universal inability to access capital, credit, and bonding.

Now, I am going to state here that there is adequate technical capability in Maryland's small business community available today, whereby many small firms could engage stimulus package opportunities as prime contractors if they had bonding.

Now, let me digress just a little. Very recently, I guess it was in October, I was a keynote speaker at the Small Business Conference at GSA. One of the things I did in my research is I looked at the SBA advocacy instrument, which kind of startled me because it said as of 2007 there were 27.2 million businesses in these United States. Unfortunately, most of them are small. There were only 17,000 large businesses. And, incidentally, the large businesses have been growing by merger, acquisition and the financial strength that they can bring to the table.

In our current environment there is a real short supply of bonding. And to play the game, one has to have bonding. And if you don't have an adequate capitalization, you can't indemnify the bonding company, so you don't get bonding.

Interestingly, I heard in the first panel, I think the Chairman referred to a past depression, and I heard him cite President Roosevelt and what he did very quickly. What he also did that year was, I think his administration passed the Miller Act, and I think we all know what the Miller Act is. It says if the government engages with a contractor, the public must be protected by some kind of instrument that will come to the table and assure that the prime contractors pay their subs.

Well, over the years it is still in place, and over the years the majority of contractors who have the capital and credit and bonding have passed that risk off to the subcontractors. Now, interestingly, the SBA advocacy instrument indicated that net new job creation every year, 60 to 80 percent is by small businesses. So it is important, as we think about this legislation, that we find ways to ensure that labor really gets involved, because most of it is going to be through small businesses.

I suggest that however adequate our small business technical capability is, there should be assurance in this legislation that an alternate indemnification means is provided for small businesses who can't get to the table.

I will also say why that is. Bonding companies look for adequate capital to come to the table when there is a default. The majority of contractors who want to engage subcontractors quite normally will say, Can you put up a bond? And, quite frankly, the banks don't lend money to small companies except on the value of their homes, their real estate.

In this particular environment, the adequacy of the capital that could be relied upon by the bonding companies in small businesses is damaged, it is weak. And so I have been working at a program that I used several years ago. It was a guarantee program in the State of Maryland through the Maryland Small Business Development Finance Authority. I noticed that they have a bond guarantee program. It is too small, it should be enlarged.

The next thing I noticed was that while I gave some advice and assistance as that program went along, I found it remarkable that for the companies they have served over the years, managed by Meridian Management Group, they have had remarkable experience with respect to defaults. I think over the years, probably less than $300,000.

But the point I make is that that program provides working capital, contract financing, and, at the same time, bonding. It is positioned, where SBA couldn't be positioned, to relate to highly skilled completion contractors, so that the money is in the bank providing service to the contractor. It is monitored. And if the contractor gets into difficulty, a completion contractor can come to the table and solve the problem.

So I ask you to look at that as a typical mechanism. It should be expanded. It will ensure that jobs can be expanded and that small businesses can participate in a realistic fashion.

Now, I have heard people say we are moving fast, that we have contractors in place, that we have good-faith efforts, but, in my judgment, it takes more than good faith. With bonding, the small firms can be in the lead, and they will not be abused. From my experience, a lot of this is unit-priced work where you can take a typical Federal contract in doing work—transportation and infrastructure work—and one can also hook up with a large contractor. After all, I had an asphalt plant, but there are people who have concrete plants. There is no reason why teaming arrangements or joint ventures, where both parties have bonding, cannot work together to expand the jobs that are created.

I would say, finally and lastly, that I also chair the construction committee of the BRAC Small and Minority Business Advisory Board for the Governor. So we are working together to achieve a point. The first panel basically were bureaucrats and representatives with a system to demonstrate how fast they could get the work out into the market.

I would ask you, please, to consider what could be done at this particular time of change to make it possible for the small companies to play the game without being the middleman.

Mr. OBERSTAR. Thank you for your testimony and for raising the issue.

Congressman Cummings and Congresswoman Edwards have been a couple of steps ahead of you. They raised that issue with me and with the Congressional Black Caucus about 3 weeks ago. There is now language in the stimulus initiative that builds on the provision of the current surface transportation law that provides $20 million for transportation and technology training under the DBE provisions of current law, and $20 million for disadvantaged business enterprise bonding assistance, paralleling the program of the State of Maryland, which both Mr. Cummings and Ms. Edwards brought to my attention. They laid it out just as you did a moment ago, and that language is now in the bill with funding.

Mr. BLUNT. Well, Mr. Chairman, that is great. That is powerful. That is very helpful.

Mr. OBERSTAR. Mr. Marinucci.

Mr. MARINUCCI. Thank you, Chairman Oberstar and members of the committee, for allowing me to address the committee today.

I am a director with New Flyer and was past president and CEO for the past 7 years.

We were established in 1930, the leading manufacturer of transit buses in North America, with about 42 percent market share. We have manufacturing and assembly facilities in Crookston and in St. Cloud, Minnesota. We have parts distribution centers in Kentucky and in California. We employ over 1,000 Americans in manufacturing. As well, we have parts service support throughout North America. We have ongoing relationships with 240 transit authorities, including 19 of the top 25. We are the industry R&D leader; first to North America with low-floor buses, articulating buses, natural gas buses, low-emission hybrids, and all-electric, rubber-wheeled vehicles. We are building zero-emission fuel cell vehicles currently for the North American market.

Our proposal today is to invest U.S. $1 billion to stimulate the exercise of options and create and maintain 44,500 personyears of employment.

We believe there are eight benefits to this proposal. One, it is quick to market. Options already exist. They can be effected in 1 to 4 weeks. The contracts exist. The commercial terms are set. The equipment is specified. All we really need to do is to provide revised pricing, which is easily calculable under the PPI index, section 1413, and to provide delivery dates.

I cannot speak for the entire industry, but in our company, we have 5,500 options available and just under 500 options that we could actually put to market this year in 2009. The manufacturing infrastructure already exists in the United States to support this because our industry is only running currently at 70 percent. We can build 7,000 buses a year, but currently we are only building 5,000.

Secondly, significant job creation and maintenance in a very high-value-add, knowledge-based space, which does comply with all regulation governing health and safety, environmental DBE legislation, and, of course, gender diversity.

The $1 billion investment will create $2.2 billion of direct payroll. This is work at our plants and work at our supplier plants. Most of our suppliers are in the U.S. This excludes the benefit, the multiplier benefit, which we believe to be about six times the wage of $2.2 billion. In other words, once you pay those wages in the United States, we believe some of that and, perhaps, a lot of that will be spent and will create further economic activity.

Number three, we believe it is a good proposition because the current infrastructure is aging. In fact, 20,000 buses currently operating in the United States, according to APTA, has gone beyond the 12-year economic life cycle, and that is important because that is the guideline set by the FTA to allow for the FTA funding on these vehicles.

In our view, these dollars must be spent because we serve an essential service. Without transit, the economy could not move. As well, ridership is growing very, very quickly as the economy deteriorates. In fact, this year we are seeing ridership gains of 5.2 percent year to date. That is two and a half times the growth that we have been seeing annually over the last 15 years.

Fourthly, the productivity benefits of a renewed fleet, a fleet that is properly sized to the economic life cycle curve, will allow service expansion, which will create jobs at transit authorities. The service must expand to meet the ridership increases, but we do not believe the operating expenditures will increase, because the new equipment will eliminate spending inefficient dollars to keep old and aging and unproductive equipment on the roads.

We believe the fifth benefit comes from the environment. Seventy-eight percent of our current backlog of 5,500 buses is actually in green vehicles. We utilize hybrid, diesel, gasoline, electric trolley, fuel cell, and CNG/LNG technologies. As well, though, the 22 percent that is in diesel propulsion format with the new, more rigorous EPA requirements in 2010, that equipment will be much cleaner, generating far less NOC in particulate matter even in a diesel format.

The sixth benefit is a widespread benefit to U.S. Citizens. In our option backlog, we have 30 customers covering 16 States, so they will get the benefit of new green equipment. Our U.S. suppliers who supply 82 percent of our material needs will benefit as well. Those suppliers are in 30 U.S. States. Out of the selling price of a bus, 70 percent of the selling price is material we have to buy before we assemble it into our designed units. Again, 82 percent of that is purchased from U.S.-based suppliers.

Seventh is the accountability for money spent. That is pretty important. We are using taxpayer dollars here. Due to the nature of our business, our business is private. Private enterprises, ourselves and our suppliers, fully fund the working capital investment and the bus bill. Expressed differently, the taxpayer dollar is expended only after the jobs have been created, the employees have been paid, the multiplier effect on the supplier side has been realized, and the finished product has been delivered and has added value to the transit authority. I think that is a very, very strong governing system to protect the taxpayer dollar.

Lastly, this is a good return on investment. The payroll taxes paid on the incremental wages created and the new consumption taxes paid when those wages are spent in the United States, coupled with the avoidance of unemployment-related costs to the U.S. taxpayer, will net the U.S. taxpayer an excellent return on an investment in green essential infrastructure which had to be renewed anyway.

Thank you very much.

Mr. OBERSTAR. Thank you, Mr. Marinucci. I really appreciate your testimony and your contribution not only to the national economy, but to that of our State of Minnesota.

Mr. Poupore.

Mr. POUPORE. Thank you, Chairman Oberstar.

Mr. OBERSTAR. Please touch your mike.

Mr. POUPORE. Thank you, Chairman Oberstar, Ranking Member Mica and distinguished members of this committee.

My name is Ray Poupore, and I am testifying on behalf of the National Construction Alliance II, a partnership between two of the Nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners of America, to support your efforts to revitalize America's economy. We also are partnered with our contractors that your proposal here to stimulate the economy is critical to also.

The two unions of the Alliance represent nearly 1 million hardworking American men and women. We build our Nation's transportation and water systems, rail networks, airports, locks and dams, schools, power generation systems and the like; in a word, infrastructure.

Experts tell us we are in the worst economic downturn since the Great Depression. As the chief economist for Moody's Economy, Mark Zandi put it, quote, "The economy is shutting down." In all due respect to the experts, I do not need to have them tell me how bad the economy is. Unfortunately, I hear it firsthand from my members, who are ready to work and who are willing to work, but who cannot find a job.

As we look forward, let us not forget what our forefathers did to make this country great. Lincoln gave us the transcontinental railroad, Roosevelt gave us the leadership to defeat the Great Depression through building infrastructure, and Eisenhower gave us the Interstate Highway System. All of these investments to the Nation's infrastructure made this the greatest, most productive country in the world.

It is time to borrow a page from our forefathers' playbook and put hardworking Americans back to work by rebuilding the national infrastructure. Rebuilding the Nation's crumbling infrastructure will provide workers with paychecks and with dignity. It will increase our competitiveness in a global marketplace by stimulating our economy now.

As you have heard from other speakers, Mr. Chairman, the construction industry is in a free fall. The unemployment rate in construction is over 15 percent. Over 1.4 million construction workers are out of work and are looking for a job. Since its peak in September 2006, construction and employment has fallen by 900,000 jobs. Overall, more than 100,000 construction jobs were lost this past December.

To put it simply, the financial crisis on Wall Street has affected all of us on Main Street. Our Nation cannot afford to keep losing construction jobs. They are the foundation of our economy. They provide family-supporting real wages to millions of workers who are both union and nonunion. The average hourly rate for a journeyman construction worker was $22.37 in December 2008.

By maintaining and creating new construction jobs, we will prevent numerous foreclosures, will allow more people to purchase homes and to buy the fuel-efficient cars that my hometown, Detroit, is producing.

As you consider spending $825 billion to boost the economy, the largest fiscal stimulus in the American and, indeed, the world history, it is important to remember the key role played by infrastructure investments compared to other strategies to revive the economy. Infrastructure investments deliver a large stimulative effect, employing workers almost immediately, but the key point is this: Every dollar invested in construction generates another $1.59 that flows through the rest of the economy. In other words, you get the most bang for your buck.

But first and foremost, members of the carpenters and operating engineers need paychecks, as well as the other building trade brothers and sisters. The rest of the economy will benefit not only in terms of short-term job benefits and the associated multiplier effect, but also by making an essential down payment in the competitiveness of the Nation. Infrastructure investments are perfectly suited to the American recovery and reinvestment plan.

Mr. Chairman, Americans urgently need work. Investment in infrastructure will deliver real jobs with real paychecks in the real economy.

To those who fear passing this stimulus package, as Franklin Delano Roosevelt said, "The only limit to our realization of tomorrow will be our doubts of today."

We urge that the committee support the enactment of a stimulus bill with an infrastructure component along the lines of those proposed by Chairman Oberstar. As the U.S. Department of Transportation has stated, for every $1 billion invested in surface transportation infrastructure, over 30,000 jobs are created in construction and in the overall economy.

Mr. Chairman and members of this committee, thank you for the opportunity to offer this testimony. We are eager to continue to work with you in this new 111th Congress. We know that members of this committee are focused on getting Americans back to work and in building the infrastructure of tomorrow today. We share the committee's focus.

Mr. Chairman, I want to sincerely thank you for this opportunity to testify in front of your committee. You are truly a champion of working people and of the construction people who I represent.

Mr. OBERSTAR. I appreciate those comments. Thank you very, very much. Thank you for your splendid testimony.

Mr. Sullivan.

Mr. SULLIVAN. Thank you, Mr. Chairman, for the opportunity to provide PCA an opportunity to share the cement industry's perspective on the need for infrastructure investment.

PCA is pleased to share the industry's views on its capability of meeting these U.S. infrastructure needs. Portland Cement is the binding agent that gives concrete its strength. Concrete is a requirement in virtually every type of construction. Roughly half of all cement consumed in the United States is used by the public sector for the construction of roads, highways, schools, and of sewer and water treatments.

The Portland Cement Association represents 97 percent of the domestic cement manufacturers. There are 45 companies operating 106 plants in 35 States, and it operates distribution centers in all States and virtually one in every congressional district.

In our key assessment of the United States cement industry, it has more than enough supply potential to feed even the most optimistic infrastructure spending program. This assessment primarily reflects weak, prevailing demand conditions, resulting in the ability to tap idle capacity as well as the most aggressive capacity expansion effort in the industry's history.

Combining domestic and foreign sources of potential supply, the United States is capable of supplying nearly 130 million metric tons of cement in 2009 and more than 150 million metric tons by 2012. The use of blended cements could increase the potential by an additional 25 million metric tons. This supply potential is measured against 95 million metric tons consumed in 2008, an estimate of only 81 million metric tons in 2009.

Take a look at our supply conditions. The Portland Cement industry in the U.S. has an estimated domestic capacity of 102 million metric tons. In addition, the industry is currently engaged in aggressive capacity expansion. By 2013, this investment will increase capacity by nearly 25 percent over 2007 levels. Aside from domestic supply, the industry operates, roughly, 125 import terminals with an import capacity of 45 million metric tons. With the onset of weak global economic conditions, freight rates have declined significantly, and ship availability has improved since mid-2008, making imported cement more economically viable.

Finally, economic distress has generated roughly 3 million tons of excess inventory and temporary storage, which could be drawn down quickly in support of improved demand conditions. In terms of demand, the U.S. economy faces severe near-term challenges. Left unchecked, existing cyclical and structural conditions could result in a long and deep economic contraction. Lacking fiscal intervention, PCA estimates the economy will decline 2.7 percent in 2009, followed by a more modest decline in 2010. Under a no-stimulus scenario, cement consumption declines 15 percent during 2009, followed by another 8 percent decline in 2010. Subdued growth materializes thereafter.

A stimulus plan with the emphasis on infrastructure would brighten demand conditions facing the United States cement industry. According to PCA's assessment, a stimulus plan could increase cement consumption by 6 million metric tons in 2009, by 17 million metric tons in 2010 and by 18 million metric tons in 2011.

There are market imbalances, and potential market imbalances are generated by either changes in consumption, capacity or both. The current combination of declining cement consumption and increases in capacity will create potential market imbalances that could constitute the largest and longest lasting in history. Based on PCA's estimate of cement consumption and announced capacity expansions, market imbalances could reach in excess of 23 million metric tons in 2009. Lacking a stimulus, future imbalances could be larger.

Imbalances that are expected to characterize the market during the next 2 years may result in elevated inventories, import reductions, prolonged maintenance shutdowns, lower utilization rates, and potentially in the delay of new plants coming on line.

Thank you, Mr. Chairman. That concludes my remarks, and I would be happy to address any questions later on.

Mr. OBERSTAR. Thank you very much.

Any discussion of cement touches a very special place in my heart and in my work history. When I was in high school, I worked weekends at King Lumber Company in Chisholm. One of my duties was to unload an entire boxcar of 94-pound cement sacks of Portland Cement. I will never forget how much a sack of cement weighs. Then I worked for Raleigh Ready Mix Concrete, making concrete blocks and pouring ready-mix concrete. So I know about Portland Cement.

Mr. Withington, welcome.

Mr. WITHINGTON. Mr. Chairman and members of the committee, thank you for the opportunity to testify today on behalf of the Amalgamated Transit Union.

Mr. OBERSTAR. Just a moment. There is something haywire with your microphone.

Mr. WITHINGTON. Is that better?

Mr. OBERSTAR. Try it again.

Mr. WITHINGTON. Is that better?

Mr. OBERSTAR. No. We will have to get you a new microphone. Just move over to the other microphone. Sorry about that.

Mr. WITHINGTON. That is okay.

Mr. OBERSTAR. We have our own infrastructure problems here.

Mr. WITHINGTON. Mr. Chairman and members of the committee, thank you for the opportunity to testify today on behalf of Amalgamated Transit Union. We are here today to express our disappointment that the House stimulus bill does not include critical funding for transit operating assistance as recommended with the bipartisan support of this committee.

My name is Tony Withington. I currently serve as an international representative for the Amalgamated Transit Union. I have been involved in the transit industry for nearly three decades. In all my years, I have never witnessed such extraordinary circumstances as we are seeing today. Record high gas prices in 2008 caused millions of people to try public transportation. Despite the recent drop in the price of oil, many transit systems continue to report capacity issues. Yet, ironically, at a time when Americans are leaving their cars at home like never before, transit systems are being forced to implement painful service cuts and fare increases because of a shortage in State and local revenues.

Mr. Chairman, in our testimony we cite all of the factors as to why transit and specifically operating assistance is a smart investment in our economy. Yet I know the long history of transit operating assistance and of ideological battles that have gone on for many years here over this issue. Let us leave all of that aside for now. Instead, let us talk about the impact of steep fare increases and deep service cuts on working families across the Nation.

Let us talk about how much of a burden it is for a person with a disability, who is already making far less than an able-bodied person, to deal with his or her pared transit trip more than doubling in cost. Fare increases are having a devastating effect on working families between the increased price of food, health care, heat, and other everyday necessities. Middle-class families are being squeezed. As never before, Americans, especially seniors living on a fixed income, simply cannot afford transit fares in the neighborhood of private taxis.

As if the fare increases are not enough, the service cuts may actually be worse. Generally when routes get cut, transit service tends to look towards those with low ridership: early morning, late night and weekend service. People who work nontraditional hours, typically minorities who have no other means of transportation, are disproportionately affected. The single mom who now gets her kids up at 4:30 in the morning to catch a bus in time to get her children to daycare and then herself to work cannot be expected to wait an additional hour for the transfer bus to arrive while standing in the freezing cold with two kids in tow, but that is exactly what is happening out there. Our drivers have seen it firsthand.

Mr. Chairman, I hope that members of the committee can see how ridiculous this current situation is. We have a tidal wave of new passengers, resulting in more farebox revenue, yet in many places we find ourselves unable to cope with the change in American travel habits. The reason is that the State and local tax revenues are way down, and widely fluctuating fuel prices and insurance costs are busting transit agencies' budgets. People on the managed side have told me that even if the Federal Government gave them the money to double the size of their existing fleet, they would probably have to keep a good portion of those buses in the garage. Transit systems do not have the operating money to run their current fleets. As a result, we are seeing cut services at a time when people are turning to transit in record numbers. This is insane.

Finally, it was our understanding that the stimulus package was intended not only to create jobs, but to also help industry avoid further job losses. Without Federal assistance, we believe that a multi-million-dollar transit industry, which employs nearly 400,000 hardworking Americans, will continue to lay off workers at a rapid pace. Transit systems need operating money to stay afloat and to avoid balancing their budgets on the backs of working people. Transit riders and employees do not have any more to give.

We strongly support the inclusion of $2 billion in transit operating assistance as part of the stimulus package.

Mr. Chairman, I would like to thank you personally, and Mr. DeFazio, for the extra efforts you have put on this issue. Thank you for the opportunity to testify. We would be pleased to answer any questions.

Mr. OBERSTAR. Thank you very much. That is very stark testimony you just gave.

Before I go, by a previous order of the Chair, to Ms. Edwards, we did have authority in the initial proposal from our committee to use a portion of the capital funds for transit agencies and to use that for operating assistance, but that has been dropped from the final package. It still exists. That authority still exists under the energy bill that we passed in 2007. It was enacted and was signed by President Bush, but the funding has not been appropriated for it. We tried to get that in the stimulus to help transit agencies on the principle that it does not make a great deal of sense for transit agencies, on the one hand, to buy new buses and, on the other hand, to lay off workers from their existing workforce.

Now, Ms. Edwards.

Ms. EDWARDS. Thank you, Mr. Chairman, and thank you to the panelists. This has really been an enlightening discussion that we are having already, and I appreciate your testimony. Just a couple of things.

One, Mr. Donahue, I look forward to working with you on the gas tax issue. It is great to hear that coming from the Chamber. I am sure my friends at the Sierra Club will be pleased to hear that as well.

I am curious, though, as to whether you all believe that the kind of investments that we are proposing in transportation and in other infrastructure really meet the current crisis. There are some who have argued that we actually need more infrastructure investment than we are considering right now, and we may not be able to do this all at one time. So I am interested in your comments about how many new jobs you think, as to what we are considering, it will result in, especially given the number of jobs that we are currently losing in this climate.

Again, I deeply appreciate the work of both our transit workers and our construction and building trades that, I think, have just suffered really tremendously in this environment. All of you do not have to comment, but I am particularly interested in comments from Mr. Donahue.

Mr. DONOHUE. Well, thank you very much. Just one side comment: We would be very happy to work with the environmental people, although a good number of those organizations think that any road that we would build or any bridge that we would build other than repair would just bring more cars, and I am not sure I have the same view as they do of what we ought to do with the increase in the fuel tax. I mean, I believe if we are going to do it, we have to repair; we have to upgrade, but we have to expand.

Perhaps the Chairman and I would be very much in agreement that we have to take on these hotspots, and that, if we can get rid of them, then we can really improve the air quality, but we are anxious to work with him.

Now let me answer your specific question.

First, the amount of money that has been put in the stimulus package for infrastructure is not only disappointing, it is stupid. It is great to do some of the things that the stimulus package is talking about to help individuals, income transfer and all that sort of thing, but the project here is to put people to work, to create jobs, to sustain jobs, to provide opportunities for people to be at work long after the few dollars that are in transfer payments have been long spent.

I would simply say that our understanding in our conversation with the new administration as to the President's original concept—and by the way, we may still get there with the help of the Senate and from some more push here in the House—was there was to be a lot more spending on the creation of jobs and of giving companies the liquidity and the support they need to go out and hire more people than what is contained in the current bill.

So, to answer your question, there is such a fraction of the amount of money that could be spent right away. Then going to the long term, which the Chairman and I have been talking about and which you have, we have got to take a real careful look at where we are going. I am glad to hear the Chairman say he is starting from scratch, because we have extraordinary needs in infrastructure.

You know, I have convinced the Chamber to support an increase in the fuel tax by saying it is not a tax—that it is not an income tax, that it is not an employment tax. It is a buy a road. It is a buy a bridge. Eliminate a bottle work. Bring more people to work. Save lives. That is what it is about.

Ms. EDWARDS. Thank you.

Now I wonder if I could hear from the union representatives about the job creation.

Mr. POUPORE. Yes. Representative Edwards, I appreciate your question, and I would like to let you know—and this might surprise you—that labor unions, at least the operating engineers', the carpenters' and the laborers' international union, belong to the Americans for Transportation Mobility Coalition, which is headed up with the U.S. Chamber of Commerce. We are on the same page. We have been working on this issue for many years, trying to tee it up for the reauthorization bill that is up this year.

I also agree with Tom's comments that the stimulus is not nearly big enough to create the job creation that President Obama has talked about. So I understand that Chairman Oberstar has a similar concern because the number has been whittled back, I think, and I am glad to hear other members of the committee say, you know, it is not enough; it is not a high enough percentage.

Representing the construction workers, it was in my testimony for every billion dollars spent—and you know about this multiplier—it creates approximately 30,000 jobs in construction in the overall economy. So Ranking Member Mica put up an illustration earlier today with very simple math to say, you know, if we would have $90 million in this stimulus for infrastructure, it would create 2.7 million construction jobs. Now we have heard—and it is in the record there—of how many shovel-ready projects are ready to go.

So I would say that we are supportive of everybody here on the panel to try to move our country forward, to try to get out of this recession, to try to do what the President has said: Pick ourselves up, dust ourselves off and move forward. Thank you.

Ms. EDWARDS. Mr. Chairman, I think my time has expired, and I know that Mr. Cummings has been waiting.

Mr. OBERSTAR. We will come back to you.

Chairman Cummings, Chair of our Coast Guard and Maritime Affairs Subcommittee.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I want to thank you also, Ms. Edwards.

In sitting and just listening to you, Mr. Donohue, talk about an answer to Ms. Edwards' question, I am just curious. You know, it is one thing when you hear the President talk about innovation, which I agree with, by the way. I think, in our country, we have got to be much more innovative. I think we have fallen behind a little bit here.

I am wondering, when you look at what we are doing with these dollars or are trying to do with these dollars, first of all, is there room for innovation so that we can have a more effective use of these dollars? See, I believe in effectiveness and in efficiency because we are at a time right now, as I have said to my constituents, when I think as to whatever moneys we use, we will have to use them like a heart surgeon, like the most skilled heart surgeon would use his instruments in performing the most delicate heart operation; in other words, the most effective and efficient.

I am just wondering, when you look at what we are trying to do with these funds, do you feel like we are using the funds that we may have available to us? Not commenting on how much we have, but whatever we have, do you feel like we are in a position to use them to the most effective and most efficient level? If not, are there things that you all can see that we could possibly do to make that happen? Because that is what this is all about. As the President said, we have got limited funds, but we have got major problems, and so if there is a time for us to be effective and efficient, this is the time.

Are there any of you who may want to comment on that?

Mr. Donohue.

Mr. DONOHUE. Let me provide two answers.

First of all, I think, if you will take the long view just for a second and talk about when we recreate this fund, the long-term deal on surface transportation, there is a lot of room for innovation. I mentioned a few of the things. A lot of things we can do to get more bang out of the buck.

In the short term, using your heart surgeon example, what we need is a defibrillator. We need to shock this economy back into motion, and we need to take the shortest position between two points. If you listen to the testimony about the number of construction jobs where people would go back to work simply by going to shovel-ready projects, and with the demand that the money go not to existing operations, but into new job creation, we have got a lot of innovation going forward, but what we have to do right now is to shock this economy into motion, to force-feed this money into projects that used to take forever to get going. We have got to do them overnight.

You know, out where I live, they had that big water leak—you saw that—and they washed away a road, but it was a major place where everybody would go to work, and they did that thing in 96 hours. The normal deal would have taken forever. This is what we have to do here now. We have to take this money, put it in the system, tell people where it has got to go, give people a lot of flexibility to do it, and start planning our innovation for the long term, which starts this year, because if we start fooling with the system now, the idea is to take the money and put it to work.

Mr. CUMMINGS. I know you are going to answer next, Mr. Blunt, but let me just thank you, Mr. Blunt. I have known you for many years, and I just thank you for your leadership, particularly in trying to bang down the doors for so many people coming behind you and for those coming alongside of you and to open up opportunities.

I am telling you we are very fortunate, by the way, to have the Chairman who we have on this committee, because as to the very things that you talked about, as you can see, he is very sensitive to those issues, and he has a history of them. But I want you to go ahead and comment on that. Then, I guess, my time will be up by the time you finish.

Mr. BLUNT. Well, you know, probably, Congressman, that I have been involved in higher education. One of the things that I see with this kind of money coming into the marketplace is that we do not have enough trained people for the sustainable pursuit of construction activities. You know the schools, the community colleges, the universities, and in having been involved in the accreditation process, it seems to me that at this time when there is an opportunity to expand matriculation—it is costly for young people to get this kind of education—there could be with a stimulus package a mechanism to keep that thing going, to expand. I think the training will take these people from no jobs to participation because they are on the outside of many construction jobs.

In the past, there has not been enough, even for union employees, to be steadily employed, to go from one job to another, instead of slowing down to keep that job. So I ask you to take a look at that opportunity with the colleges, with the universities and with the training mechanisms to stimulate the preparation for people back into construction jobs.

Mr. CUMMINGS. Thank you very much.

Thank you, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman.

Mr. DeFazio, Chairman of our Surface Transportation Subcommittee.

Mr. DEFAZIO. Thank you, Mr. Chairman.

To Mr. Donohue first, you used the word "stupid" in terms of the amount of money that is being dedicated to infrastructure. Now, I have not used that word, but I have had some harsh words for the allocation of funds within this bill.

What do you think the infrastructure numbers should be? What do you think it could be—let us put it that way—in terms of the constraints put on us in terms of quick obligation and spend-out?

Mr. DONOHUE. It looks now that, from a quick count, it is at 7-1/2 percent of the obligation. If you had 12, 13 percent, you would put a lot more people back to work. You would probably stretch the ready-to-dig-right-now issue. I think, at the same time, as I testified, there are a lot of things we can do to take impediments out of the way of extraordinary amounts of private spending. It will not be quite as quick, but it can follow right behind it.

You know, we came out and said we are going to support this President, that we are going to go far beyond where our Members want to go. We want a stimulus package that works. We have to sort of draw a line down the middle of the page and say, on one side, what creates jobs? What puts liquidity in companies? What creates tax situations that allow people to create jobs? What money goes into infrastructure? It is not just surface transportation. There are other issues as well, and they are encouraging. On the other side are the very necessary spending issues that the Members of Congress feel strongly about, but when it is all said and done, whether we are going to get out of this mess or not is if we can put people back to work.

I used "stupid" because I tried to clean up what I was thinking. I think the mix can be changed significantly on the margin, and it will put a lot more people to work for a lot longer period of time. Thank you for asking me.

Mr. DEFAZIO. Well, I guess the follow-up would be—and this is thinking I have discussed with the Chairman, and I have had a number of members of the committee approach me on this. I mean, we have a known tremendous infrastructure deficit, and you are correct, it does not just go to surface transportation issues. Within my jurisdiction it goes to rail; it goes to water and sewer and to all sorts of public amenities. It goes to the productivity of our economy and to the capability of businesses to promote work. But I am thinking perhaps, if they wanted to limit us to these ready-to-go projects, that we should be talking about a second tranche of investments to further address the known deficits.

For instance, the testimony we had from Chicago, of course, is they are ready to go with $500 million, but others, you know, may not be quite as capable of spending as quickly. If you know you are going to replace a bridge next year, the jobs actually start today. You hire the designers, the engineers. You begin site preparation. All of those things start today, and people can plan capacity for a year from today in placing the steel orders, in placing the cement orders and all of the other things. I mean, it seems to me that maybe a follow-on or a second tranche, even within this package, might be wise for things that take slightly longer to get going.

Mr. DONOHUE. Then you would have three tranches, which I would support. One is whatever goes into the immediate stimulus package. A second tranche might be that which would keep those people working who were hired, and maybe you could hire other people. Then when you go to the reauthorization or whatever you are going to call it, we have got to get everybody together and understand this is something that needs extraordinary amounts of money. A major portion of it can come from the private sector. I am not talking about joint ventures or public-private partnerships. I am talking about private money if we take impediments out of the way.

Mr. DEFAZIO. Okay. Well, this is not the time to examine it. I would love to have that conversation and understand what that is about. I would also like to discuss an alternate way of taxing fuel, but not putting it on at the very end of the line at the pump. That, I think, has some promise.

If I could go to Mr. Marinucci, I just want to restate for the record, because of the concerns we have heard from CBO and from others about the potential to spend out, you said that at this point we are at about 70 percent of capacity in our industry, in our existing industry in America on the production of large buses; is that correct?

Mr. MARINUCCI. Correct.

Mr. DEFAZIO. Okay. If we took it up to 100—I mean, maybe you have never hit 100. There are economic inefficiencies when you get to 100, but let us say you get to 90. How many people would that employ? I mean, you have got an extended supply chain.

Mr. MARINUCCI. Each bus attracts 1,000 hours of direct work. I have got the math here on what happens if it is 500 buses, which would be taking the capacity up from about 70 to 76 percent, and that would create——

Mr. DEFAZIO. That is 500,000 hours.

Mr. MARINUCCI. —3,876 direct personyears of employment. To stimulate that would require an investment, an incremental funding of $95.4 million. So, on an incremental funding-to-job basis, only looking at the direct jobs, it is $24,615 per job.

Mr. DEFAZIO. Wow, that is a pretty cost-effective measure. I hope our CBO friends are still listening. We have underutilized capacity.

Were the money there to place these orders at the price of only $25,000 a job, we could produce 3,800 direct jobs related just to bus orders, let alone getting into other aspects of locomotion issues.

If you take out the bill as a whole and divide in the number of jobs that are expected, I think one of my colleagues came up with 200,000 per job or something in the package as a whole. So it sounds to me like we are looking at a pretty cost-effective investment here and with a further expansion on the infrastructure part.

So thank you, Mr. Chairman.

Mr. MARINUCCI. One final comment if I could. I would caution that that is only the direct jobs. That is the jobs that we would employ and our suppliers. It excludes the economic impact. So, when you put the wages in their hands, and they spend the money in the economy, if you did that—and we were told that that multiplier is 6—you would divide 6 into the 24,000 per job, and you would have an incremental funding per job of just over $3,000, which is well under the dollars for jobs that they normally use in building these business cases.

So there is tremendous leverage, and it is because you are investing in high-skilled to semiskilled manufacturing jobs that are knowledge-based. Again, you are producing state-of-the-art, environmentally friendly transportation vehicles in the United States.

Mr. DEFAZIO. Okay. Those are extraordinary numbers. Thank you.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you for those questions and for that valuable information.

Mr. Boozman of Arkansas, our current acting Ranking Member.

Mr. BOOZMAN. Thank you, sir.

Mr. Donohue, we have talked a lot today about Federal funding for infrastructure. How can we encourage the private sector to participate in the economic recovery through its own investments?

Mr. DONOHUE. Mr. Chairman, that is a great question because everybody from homes to banks to companies are sitting on their cash, sort of waiting to know where the bottom is and when to get going, and that is why a stimulus program is so important, I mean starting on the Federal level, because it sort of gets the ball rolling. Once the ball gets rolling, a lot of people are going to get onto the field.

I have been spending a lot of time talking to people all over the country about when is somebody going to call a start to the race. You know, everybody is watching their banks, and there is not much money coming out for investment, and everybody is watching their stock, and everybody is looking at their books, and we are on the wrong curve right now. We will see that economic growth in the fourth quarter will be down close to 6 percent. In the first quarter of this year, it will probably be down 3 percent or more. If you listen to Mr. Bernanke, by the middle of the year, we are going to be bouncing off the bottom and getting going.

So I think the stimulus program helps some. I think overall, philosophically, it helps a lot, and I look forward to talking to Mr. DeFazio and others.

I think, if we look at some of the obstructions that we could take out of the way of the private-sector investments—and these will not be in 180 days, but they come on behind—there is such a pent-up capacity to build electrical capacity and to put up lines. The one I like, because it is so environmentally friendly, is if you build some nuclear power plants, you can employ every unemployed automobile worker for as long as they will work if you can just get going.

So you have asked the right question, sir. How do we get the pump going? How do we prime the pump? Everybody is sort of in a state of animation. Technology people are ready to sell new things. Everybody has got a way to improve productivity and to make us stronger, but somebody has to go first. We have got to get this thing going, and that is why this stimulus program is so important and why we ought to do it in a way that causes people to start spending, investing and moving.

Mr. BOOZMAN. Thank you very much. I agree. You know, we do have to prime the pump, but at some point the private sector has to come and kick in or the pump is going to quit working again.

Mr. Marinucci, I just had a curiosity. Pretty significantly right now, we have a decline in the economy. How has that affected ridership? Bus ridership is up. Has that helped you? I mean, are we selling more buses, or are the bus entities in a bad way? Are you selling more buses as a result of people riding the buses more, or is it stagnant?

Mr. MARINUCCI. The fleet size itself is not expanding, which would indicate that service is not expanding, which supports what we are seeing as the transit ridership increases, which is just providing more density in existing corridors. Buses are fuller, and people are waiting longer to get on the buses. I think in any major urban city, especially during peak hours, you will see buses driving by stations because the buses are full. They cannot stop and take on passengers. I believe the testimony earlier supports that as well.

We suspect, however, the transit ridership increase, which is really being caused not by fuel prices—in fact, when fuel prices started to decline, we actually started to see the higher ridership. The unfortunate driver of ridership increases is really the lack of disposable income in the hands of the average U.S. consumer. They really do not have an alternative other than taking mass transit, which is far more cost-effective for them. Of course, that growth will stymie at a point, I believe. You know, a lot of our ridership takes transit to go to work. Jobs are declining. So we would expect longer-term ridership to decline.

Our business is generally a replacement business. We are not seeing increased orders due to increased service leveraging the increased ridership. In Chicago, that was going to happen. Unfortunately, funding stopped that from happening, and as well that negatively impacted us because we had the order—or the shop—committed for that business, and now that is not going to materialize, unfortunately, due to funding, although the ridership is there.

Mr. BOOZMAN. Thank you.

Thank you, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman for the questions.

I would just supplement Mr. Marinucci's response.

When I visited the New Flyer back in October, I had a discussion with your plant manager and with your procurement personnel, and I saw the effects of the fiscal meltdown in the banking sector and that cities were having difficulty floating bonds due to the financial meltdown. You had buyers in line in cities who wanted to acquire the energy-efficient, air-friendly and emissions-friendly buses, but they could not get the capital to acquire the buses. Now the far-reaching effect of this financial meltdown is just extraordinary.

Mr. Donohue, in 1935, Franklin Roosevelt established the Advisory Committee on Allotment to guide the President in establishing the Works Progress Administration. It started with 17 various agencies of government, which now would amount to about three departments, but then he had a representative of the Business Advisory Council, sort of the predecessor of the U.S. Chamber of Commerce or its equivalent thereof.

Also in the legislation and in the Executive Order he issued, he said, "In carrying out the provisions of this resolution, full advantage shall be taken of the facilities of private enterprise." I think that is a further answer to Mr. Boozman's question.

What is the private sector going to do? They are doing this work. This work is being contracted out to the private sector in our stimulus—well, it is called "economic recovery"—in our portion of the recovery program. It is the private sector that is going to create the jobs.

The problem that we are having and why our number has been cut back is the issue I addressed with the opening panel, and that is the finding in the report of the Congressional Budget Office that the money cannot be spent this fast; that the private sector cannot ramp up that quickly; that we cannot put the people to work in the building trades, in the construction trades, in the transportation trades, and therefore, they assigned to the first-year spend-out of this package only 2.6 percent. Therefore, the Appropriations Committee said, our hands are tied. We have to reduce the size of this whole package.

Then the opponents of the initiative said, oh, gee. It is not going to create jobs for 4 years. They have been criticizing it over there in the other body. Well, as you will see, there is virtually no light between the Democratic and Republican sides of this committee on this issue.

In the first 3 years, the CBO said the spend-out rate would be 26.6 percent, but the normal spend-out rate that CBO assigns to Federal highway projects is 84 percent. We are saying, on the one hand—as Governor Doyle said of his State and in speaking for DOTs across the country—State departments of transportation will do their normal spend-out. They are required to do so under the provisions that will be included in this recovery package. So they will do the 84 percent, and then they are going to do all of these other projects on top of that, and they have the capacity. The Federal Highway Administration has just said that, under current law, we do not need new law to do this. I am quite certain that we had that authority, that States can contract with management consultants, with private-sector consultants. The State of Minnesota does that regularly.

Most DOTs use private consultants to expedite the State contracting process, and those management services can include financial management, procurement, scheduling, cost control, design and construction management, and performance management reporting, all of which are required under our legislation.

So there is no excuse for State DOTs not to get the money out quickly, not to engage the private sector, not to put people to work. As I explained to Mr. Blunt earlier, we have funding in this bill: $20 million for training, for apprenticeships, for minority business enterprises, and for funding to help minority enterprises get the bonding assistance they need per the initiative, Mr. Cummings.

Now the question is further, Mr. Marinucci: In the hearing that Mr. Mica and I held at the end of October, we heard from transit agencies across the country, including MARTA, the Atlanta transit agency, that they need 20 new buses. What is that going to do for Atlanta? It is going to bring them into better compliance with their air quality requirements. It is going to create jobs. It is going to create ridership, and it will reduce congestion.

Where are you going to buy the buses? Oh, we buy ours from New Flyer of Minnesota. Muncie, Indiana, said they are in the same position. They buy theirs from Gillig in Hayward, California. The Virginia Railway Express needs 10 railcars. Where are you going to buy those? Boise, Idaho. I said that to the mayors on Monday, and the mayor of Boise, Idaho almost leapt to his feet to applaud.

So, need in one part of the country, benefit in one part of the country, jobs in another part of the country. But the question is of the 10,000 options for buses, totaling $5 billion, what is now your estimate of how quickly you can ramp up to meet the increased demand with these stimulus funds? In October the estimate was 30 percent to 35 percent increase in production capacity, if the money were there and the orders were placed. And there are already options that cities can exercise. Does that mean that New Flyer, Gillig or O'Ryan in Jamestown, New York, Van Hool can all again ramp up their production in a month after these funds are released?

Mr. MARINUCCI. In our particular case, I can't speak for competition. In 2009.

Mr. OBERSTAR. They would probably rather you didn't.

Mr. MARINUCCI. In 2009 we could only ramp up and achieve another 600 buses, which for us——

Mr. OBERSTAR. Six hundred buses of what?

Mr. MARINUCCI. Incrementally over what is currently sold for 2009 in our shops.

Mr. OBERSTAR. For the current year?

Mr. MARINUCCI. For the current year. And then for 2010 and 2011, I believe in each of those years we would be able to fill about 2,000 buses per annum into our existing backlogs. Last year the industry produced around 5,100 vehicles in 2007 and that went up to 5,600 vehicles in 2008. And the theoretical capacity of the industry is about 7,200 units combining all the manufacturers.

So there would be as far as an economic impact, if all the industry could get up to their maximum capacities, you would be seeing a total of about 2,000, which would double the types of benefits that I was referring to earlier from an annualized increased basis.

Mr. OBERSTAR. So of the $9 billion that remains, we started with $12 billion and we are down to $9 billion for transit, half of that is to go out under our provisions in 90 days, Appropriations Committee now is saying 120 days. CBO says, oh, you can't possibly commit all those funds. So $4-1/2 billion would go out under our plan in the first 90 days. That is not only for buses, but also for passenger rail, light rail, streetcars, trolleys, inner city passenger rail.

Does the industry have a capacity to produce that many vehicles?

Mr. MARINUCCI. Over a 3-year period of time?

Mr. OBERSTAR. No, I am talking $4-1/2 billion committed in 90 days.

Mr. MARINUCCI. So the options are exercised into buses and your question is how many buses would be produced?

Mr. OBERSTAR. Some portion of that is also rail, about a thousand rail vehicles, transit agencies have a thousand rail vehicle options pending right now that they could exercise immediately upon notification of funding.

Mr. MARINUCCI. I believe the contracts could get easily converted, the options could get easily converted, the commitments made. As far as physically producing the goods that come out of those commitments that are made I would believe that—and again it all depends on how many dollars you are committing, but I believe you would be looking at about an 18-month period to build all of that out.

Mr. OBERSTAR. But you start, you start by——

Mr. MARINUCCI. Would you have contracts.

Mr. OBERSTAR. New Flyer placed orders for engines.

Mr. MARINUCCI. That is right.

Mr. OBERSTAR. You place orders for transmissions, you place orders for brake assemblies, for air conditioning, for the steel framework for your bodies.

Mr. MARINUCCI. That is right.

Mr. OBERSTAR. I have seen them on your wonderful assembly line, I have been to Gillig. I have not been to O'Ryan. You have people committed and you have contracts with suppliers producing and putting all Tom Donahue's members to work.

Mr. MARINUCCI. The conduit exists. This would create new demand into the system, and within most options all you really have to do is set delivery dates and price and you would be working with firm contracts and you would be placing POs right through the system within 4 weeks.

Mr. OBERSTAR. Within 4 weeks.

Mr. MARINUCCI. Within 4 weeks.

Mr. OBERSTAR. All right, that is what I want to hear.

Mr. MARINUCCI. So the options would get exercised. That creates a firm order and that creates a series of business transactions that are conducted by our subs, with our supply community. And of course our supply community would be cutting contracts with their supply community. Everything is governed under Buy America. So you know that you are going to capture the bulk of that benefit in the United States.

Mr. OBERSTAR. You need any new procurement authority or new design authority? You would be using existing design.

Mr. MARINUCCI. No, because they are existing contracts. All the specifications are there, the buses are designed. These are just extensions of work we have already done in the past.

Mr. OBERSTAR. So there is no new procedural impediment to moving, a new procedural action needed nor existing impediment to moving ahead?

Mr. MARINUCCI. Not from engineering, design or innovation. It is really a function of adding labor and material into the process. You do not have to build buildings, you don't have to expand factories. And most of us when we define capacity we define it on a two-shift basis. I mean there is still a third shift you could add and that would increase the industry capacity beyond 7,200 buses.

Mr. OBERSTAR. And transit agencies can use existing specifications and contract terms for any procurement funded under this recovery initiative?

Mr. MARINUCCI. That is correct, because most of the contracts that we have are FTA-funded contracts that have to meet all of those requirements anyway.

Mr. OBERSTAR. I think that is the answer to the ability to rise to the occasion and rise to the stimulus.

Mr. Donohue, you spoke I think very persuasively, very inspiring manner, about investing in the future. In 1956 Congress enacted the Interstate Highway System and established the Highway Trust Fund. To fund it there was a $0.03 gas tax. That $0.03 represented 10 percent of the cost of fuel, 10 percent. Nobody flinched.

By February of 1957, it was clear we needed more money. Eisenhower as President asked the Congress to enact an additional penny. That additional cent increase in the gas tax passed the House on a voice vote. You could hardly pass the prayer on a voice vote today. I think that has changed with this Congress. But it shows when there is a unity of purpose and an understanding of the end result, that the country will unite and the Congress then will unite. Often the country is ahead of the Congress. And I think the country is ahead of the Congress or was at least until Tuesday. And now we have a leader who says, we can, we will, we will find a way. You weren't here perhaps when I read into the record the statement of the President saying that CBO does not reflect the extraordinary steps being taken to invest quickly and effectively.

We have taken measures to move forward, including shortening the deadline for agencies to commit funds, setting deadlines and Federal awarding of formula grants, specific deadlines for State and local governments to commit the funds they receive for infrastructure, specific focus on ready to go projects. We didn't have that on January 19th. We have it today. And it goes on with two pages of analysis of the CBO findings to show that they are not on the right track.

We have got to get the country on the right track. And we are going to partner with you and Mr. Poupore and Mr. Sullivan and Mr. Withington's members and Mr. Blunt's members, and Mr. Marinucci's colleagues and the transit production sector, and we are going to build a new future for transportation in America with the next transportation bill that we expect to bring to the house floor by June. It will move America forward and have a grander vision. It will attack the 30 most congested areas of the United States with new sources and multiple sources of funding.

We are going to restructure the U.S. Department of Transportation. We are going to have an intermodalism. For the last dozen years the agencies haven't talked to each other. We are going to create an office of intermodalism, an assistant secretary for intermodalism. And make the Federal Highway Administration, Federal Aviation Administration and Federal Transit Administration, the Federal Railroad Administration, and Federal Maritime Administration—and include the Coast Guard—all meet every month and share their experiences and their needs of how we can move people and goods more efficiently and reduce the cost of logistics in our economy and reduce congestion and move America forward. We are going to make them do that. They haven't done it. We are going to make them do that.

I said earlier we are going to have an office of project expediting in the Federal Highway Administration. They haven't done a thing to implement my provision of the current SAFETEA legislation. Don Young asked me, then chairman, fashion something that will move projects along faster. Well, we are going to do that. There is a lot we need to do. And this stimulus initiative is a down payment on the future.

I thank the panel for your contribution and call our third panel.

Ms. Edwards will take the Chair and preside over the hearing for a moment.

Ms. EDWARDS. [Presiding] Thank you. We are joined by this next panel, and you all have been very patient in a long day. We appreciate that.

Panel III. We are joined by Marian Orfeo, Director of Planning and Coordination for the Massachusetts Water Resources Authority in Boston and also President of the National Association of Clean Water Agencies, followed by Bob Bendick from the Nature Conservancy, Larry Larson from the Association of State Floodplain Managers, and James Weakley from the Lake Carriers Association, and we will begin with you, Ms. Orfeo.

TESTIMONY OF MARIAN ORFEO, DIRECTOR OF PLANNING AND COORDINATION, MASSACHUSETTS WATER RESOURCES AUTHORITY, BOSTON, MASSACHUSETTS, AND PRESIDENT, NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES; BOB BENDICK, THE NATURE CONSERVANCY; LARRY LARSON, ASSOCIATION OF STATE FLOODPLAIN MANAGERS; AND JAMES WEAKLEY, LAKE CARRIERS ASSOCIATION

Ms. ORFEO. Thank you, Chairman Oberstar and members of the committee. I am honored to testify today on how investments in our Nation's wastewater infrastructure can provide much needed stimulus to our overall economy.

We are pleased that the proposed American Recovery and Reinvestment Act of 2009 targets a significant portion of spending for investments in municipal water and wastewater infrastructure, including 11.8 billion for water and wastewater projects funded by the EPA State Revolving Fund programs and USDA's Rural Utility Service.

Combined with other water resources investments, over 500,000 jobs could potentially be generated to help communities address their water resources challenges. NACWA also believes that the economic recovery package could go much further in providing funding for infrastructure in general with a corresponding increase in funding for water and wastewater infrastructure.

A stronger infrastructure-based recovery package would create much needed jobs in the construction industry, which currently has an unemployment rate of over 15 percent, lay a future foundation, a solid foundation for future economic vitality, and protect public health in the environment. While the package's $6 billion targeted to wastewater projects within the Clean Water SRF is significant, NACWA members identified over $17 billion worth of wastewater projects ready to go that can be initiated within 120 days of receiving the go ahead from State agencies. Combined, these wastewater treatment projects could create nearly 600,000 jobs. In Massachusetts alone NACWA members have identified nearly $365 million worth of shovel ready projects within the MWRA service area having 205 million. The projects that my agency is prepared to go forward with include 19 wastewater construction and repair projects that address our combined overflow control plan and equipment replacement at our Flagship Deer Island treatment plant.

On January 9th, NACWA joined with other water sector associations to urge President Obama and congressional leaders to include a minimum of $20 billion and as much as $40 billion in the economic recovery package for drinking water and wastewater projects. We continue to believe that this level of investment is both necessary and will have the straightest and swiftest impact on job creation.

NACWA is also pleased that the proposed spending for wastewater infrastructure through the Clean Water SRF will require States to distribute 50 percent of the funds in the form of principal subsidy or grants, although NACWA's preference is for 100 percent of the funds to be available as grants.

Grant financing will have the greatest stimulative effect to making these funds more useful to communities across the country hit hard by the economic downturn. In this economic climate communities will hesitate to incur debt obligations because they cannot pass on the cost of repayment to their ratepayers. If communities do not accept a loan or cannot accept a loan without creating excessive procedural delays, that ultimately would disqualify them from receiving any funding under this program. It would reduce the overall effectiveness and impact of the recovery package.

We also believe that all communities should have access to grants and that there be no targeting of these dollars to any particular set of communities. During this economic crisis all communities face severe budgetary and affordability challenges and need assistance in rebuilding their economies through infrastructure investment. You have heard that theme many times today.

Investing in improvements to clean water infrastructure will generate green jobs focused on improving the Nation's waterways. NACWA supports the inclusion of targeted grants to help wastewater utilities undertake projects addressing water efficiency and energy efficiency goals, help communities mitigate stormwater runoff, a major source of water pollution, and encourage environmentally sensitive wastewater systems.

In terms of ensuring that the economic recovery package has as much economic impact as quickly as possible, NACWA pledges to work with this committee, our members and States to monitor and track how quickly these funds are being put to work for the American people. We take this process very seriously and stand ready to put people to work in their local communities as soon as funding is available.

EPA estimates a $388 billion funding shortfall exists between what communities require to fund their wastewater needs over the next 20 years and what they currently have available. The U.S. Conference of Mayors estimates that every dollar spent on wastewater infrastructure generates a return of 3 to 7 dollars that flow directly into the economy at large.

In summary, the American Recovery and Reinvestment Act of 2009 is a good first step in reversing years of declining Federal investment in our Nation's municipal clean water needs. However, it is only a first step. NACWA is pleased to be working with this committee and Mr. Chairman Oberstar on identifying a long-term sustainable solution to financing our Nation's clean water infrastructure. We believe that the time has come for a national trust fund for water and wastewater infrastructure as is currently available for the Nation's roads, bridges and airports, and we look forward to making progress on this effort during the 111th Congress.

Thank you very much.

Ms. EDWARDS. Thank you, Mr. Bendick.

Mr. BENDICK. Thank you. My name is Bob Bendick. I am the Director of Government Relations for The Nature Conservancy. I will talk today about how the pending environmental stimulus legislation relates to green infrastructure. We very much appreciate your having this hearing and addressing these critical issues.

Green infrastructure in this case relates to environmental restoration activities conducted by the U.S. Army Corps of Engineers and to the reduction of nutrients and pesticides associated with agricultural runoff. Both of these areas of investment are critical to the future of our Nation's water resources, produce real jobs like other infrastructure, and are important targets for economic stimulus funding.

There is now overwhelming evidence that healthy waterways and their associated wetland systems provide ecological services of great value to our country. These services include clean and abundant water protection from inland and coastal flooding, sequestration of carbon, fish and wildlife habitat, and outdoor recreation.

Let me talk about the U.S. Army Corps of Engineers. Since Congress added ecosystem restoration as one of the Corps of Engineers' primary missions in 1986, the Corps has led some of the Nation's largest and most ambitious ecosystem restoration projects, as in the Everglades.

We recommend that Congress direct that no less than one-third of the Army Corps of Engineers' overall allocation in the economic stimulus package be dedicated to ecosystem restoration projects. We encourage that this distribution include funding for at least the following restoration authorities: individually authorized small to medium scale restoration projects or multi-purpose projects with a restoration component; Continuing Authority Programs, called CAPS, such as the section 1135 program; and large scale programmatic restoration authorities that have received construction authority.

Let me talk about the third category. In the Everglades the ongoing construction of various aspects of the complex restoration plan offer many opportunities for the rapid expenditure of stimulus funds. The South Florida Water Management District has proven to be an able partner in restoration activities and is certainly capable of putting money to use very quickly.

In south Louisiana projects involving restoration of natural systems and functions that we believe are ready to go include the beneficial use of dredged sediment to stabilize eroding wetlands; the reintroduction of Mississippi River flows through Bayou Lafourche; and various smaller Coastal Wetlands Planning Protection and Restoration Act projects in south Louisiana.

And on the upper Mississippi we are grateful for the creation of the Navigation and Ecosystems Sustainability program, NES, with the leadership of Chairman Oberstar in 2007. NES allows the Corps to manage the upper Mississippi system for navigation and ecosystem restoration. Within the NES framework there are now 11 ecosystem restoration and 5 navigation projects ready to proceed.

Let me talk about agricultural runoff now. While runoff carrying nutrients and pesticides from intensive agricultural operations has been reduced in recent years by improved farming techniques, it is still a problem for major rivers and for receiving waters like the Gulf of Mexico.

University and field scientists are developing very promising new techniques for further reducing agricultural pollution, while increasing the productivity of adjacent land, mitigating flooding, and providing valuable wetlands habitat.

In Iowa there is a proposal supported by the Iowa Department of Agriculture and Land Stewardship to expand the existing Conservation Reserve Enhancement Program to restore small wetlands within intensively farmed areas. These wetlands remove nutrients, hold stormwater, retain moisture in times of drought, reduce greenhouse gas emissions, provide recreation, and protect drinking water supplies.

In Indiana we are cooperating with the Environmental Protection Agency to develop a program of two-staged ditches, which in effect convert agricultural drainage ditches back to a more natural cross-section, allowing flood waters to spread out and permitting the regrowth of wetlands. These natural technologies have been measured to reduce nutrient, herbicide and pesticide flows to adjacent rivers by 40 to 90 percent.

We recommend providing stimulus funding primarily through the EPA 319 Non-Point Source Pollution Program to assist individual landowners and drainage districts to install the kinds of measures described here. Their match requirements for the 319 program should be waived and our 319 funds should be allowed to match Natural Resource Conservation Service and Farm Service Administration funding for specific on-farm projects such as through the CREP program. The State Revolving Fund Program already included in the House stimulus bill may also be usable for this purpose.

An investment in green agricultural infrastructure in these major river basins to manage water and nutrients could employ thousands of technical service providers, surveyors, engineers, heavy equipment operators, mechanics and laborers and others to lead to a long-term cost effective nutrient control in the larger river basins like the Mississippi and the Ohio.

Thank you.

Ms. EDWARDS. Thank you, Mr. Larson.

Mr. LARSON. Thank you, Madam Chair. This committee has shown some real leadership in infrastructure, especially in water infrastructure, for a long time. The Association of State Floodplain Managers represents the States and the 20,000 flood prone communities in the Nation that are the Federal Government's partners in the continuing quest to manage the costs and human suffering from floods and storms.

We have been asked to discuss flood control as part of the infrastructure in the stimulus package. I would like to discuss flood control in this package both in terms of its opportunities and the pitfalls.

Flooding is actually the Nation's most frequent and most costly natural hazard. In the last century, flood damages grew to about $6 billion a year.

2008, while some might not consider it a heavy disaster year, the Federal Government actually declared 52 flood related disasters, about one a week, where States and communities and others qualified for billions in unbudgeted Federal dollars for disaster relief. Much of that was for public infrastructure, which had to be rebuilt after flood events. So paying attention to infrastructure is extremely important.

In 2008, three of those events exceeded that average of 6 billion a year, Ike at 30, Gustav at 15, and Midwest floods over 6 billion. As you recall, Katrina was over 100 million. So the trend in the 21st century is not good. Flood damages are not going down, and part of the reason is that we are not paying attention to natural hazards when we build our infrastructure in this Nation.

We can't afford to continually fund this cycle of damage, rebuild, damage and rebuild. This funding package could be an opportunity to break this cycle.

Flood control includes both structural and nonstructural approaches. Structural is essentially engineering our rivers with levees, dams, flood walls that sort of thing. Nonstructural would be elevating structures above the flood level, moving them out of high risk zones, opening up floodplains, giving the rivers some room, those sorts of things. Low impact development, some of the green infrastructure that we have just heard about.

We believe that Federal investment and flood loss reduction must be done in a sustainable fashion. Infrastructure that fails to consider threats to life and property from natural hazards or ignores long-term impacts on our environment undermines investment choices for our communities and fosters a dependency of our citizens on disability relief from tax dollars, and encourages people to remain at risk.

Floods and storm intensity are also increasing as we are seeing in this century. Many of our structural measures, for example, have been overwhelmed by larger storms, more intense storms, resulting in catastrophic damages. We have seen that in the past few years.

Often these circumstances are even exacerbated when communities continue to build more development behind them in what we call residual risk areas; for example, behind levees, where now we have even greater risk. So those kinds of actions parlay off each other and create further problems. We want to avoid that hopefully in this stimulus package.

Some of the nonstructural approaches we have talked about are ready to move. There is over demand for those. We have talked about the green infrastructure. These are typically designed by the communities, have good local support and local buy-in.

We urge consideration of six elements in the projects that might be funded in this package: one, that natural hazard mitigation be built into each project; two, that critical infrastructure like hospitals, water supply, police and fire, key bridges are protected to extreme events such as the 500-year event, so they would be operable during those extreme events; three, that sustainability be emphasized so we are not doing it again; four, Federal money should not place people and property at risk or contribute to increased risk; five, that Federal dollars alone can't pay for all this, so the basic benefit-cost, financial considerations for cost sharing, and funds for future operation of maintenance must be guaranteed for these projects: six, projects that restore ecosystems while reducing flood losses allow nature herself to do this and should be eligible.

Everyone in this Nation deserves to live in a relative safety from natural hazards that can be foreseen and cost effectively mitigated, and that sustainability must not only apply environmentally and economically, but socially and culturally as well, with full public safety not just from human-induced threats but as well from natural hazards which occur weekly.

In conclusion, we strongly support a properly framed stimulus package for infrastructure but stress the need that this investment must include natural hazards mitigation. Thank you.

Ms. EDWARDS. Thank you. Mr. Weakley?

Mr. WEAKLEY. Thank you, Madam Chairwoman. Investing in transportation infrastructure is critical to America's future. Domestic cargo hauled by vessels tops 1 billion tons. Without an efficient transportation system, America's economy cannot survive.

Transportation provides connectivity between centers of economic activities. We need to protect people, places and equipment. We also need to defend those connections. Without strong connections everything is risked. Great Lakes vessels depend on our Rock of Gibraltar, the Soo Locks. One lock handles 70 percent of our carrying capacity and feeds our steel mills and power plants.

America's National security depends on connecting natural resources to manufacturers. During World War II, 10,000 troops protected this chokepoint. Strength requires steel.

Transportation efficiency benefits producers and consumers. Compared to other modes, Great Lakes marine transportation saves Americans $3.6 billion a year.

The most environmentally friendly mode of transportation also reduces greenhouse gas and our dependence on foreign oil. Increasing the efficiency of transportation infrastructure creates current and future jobs.

We should prioritize recovery investments in order of national security, job creation, and system improvement. High priority projects reduce vulnerability from attack, prevent decay, create critical redundancy or increased efficiency. We must emphasize connectivity, jobs that create other U.S. jobs.

Transportation improvements pay dividends each time cargo moves. The ideal project, like building a second Poe-sized lock does all of these. The immediate job creation is tremendous, 1.5 million man-hours, 1.2 million tons of stone and cement, in addition to 25,000 tons of steel. One economist compared it to a small automobile plant.

The fully designed project meets the requirements of the House Appropriations Committee draft for the American Recovery and Reinvestment Act of 2009. It received appropriations from the Corps' construction account from 2002 through 2008. With $125 million appropriation the Corps can quickly sign contracts with American manufacturers. Site construction begins this spring. This project has national security, job creation and efficiency aspects. It is shovel ready.

U.S. Seaway locks need repair. A perpetual asset must be recapitalized during its operation. Forty-five million dollars could be spent over 2 years on these critical connectors.

To increase Great Lakes efficiency we need Coast Guard ice breakers. Cargo movement during the ice season, 20 million tons, is vital to our economy. The Coast Guard's winter metric is 3 miles per hour. This is the equivalent of 10 instead of 50 miles an hour for truck traffic from December through April. You can walk that fast. Is this an acceptable speed of commerce?

This December and January, four of the eight Coast Guard ice breakers were in a scheduled or unscheduled maintenance period, including the newest, which was unavailable for both reasons. For most of that time three of the eight were unavailable. Today five are not, and Monday six of eight ice breakers with not be available.

We could double the speed of commerce. One way is to transfer in ice breakers. This option has no immediate impact on job creation, but improves the system. The second option is to upgrade existing vessels. This could not be done quickly, nor would it create many jobs. The third, building a new ice breaker, from an existing design has 50 laid off shipyard workers cutting steel again within 30 days.

Investing in transportation infrastructure protects our national security, creates jobs, and invests in future generations. It is about quality of life, which begins and ends with one thing, a job. Thank you.

Ms. EDWARDS. Thank you. We will begin questions with Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Madam Chairlady. Ms. Director Orfeo, Director, talk about this trust fund that you have in mind and how do you see that being—I think that is what you called it, right, a possible trust fund. I know you were talking about the future, I understand that, but I agree with you, I think we are going to have to move towards some type of mechanism by which we address our infrastructure needs because we are—in this instance our water needs, because we are seeing all over our country sadly that because of our failure to address those infrastructure problems, we are beginning to see things fall apart, and that is not good. Finding from city to city emergency circumstances that cost a lot of money because they are being repaired under emergency circumstances. And unfortunately, a lot of times when those repairs are made, while we spend a lot of money we are only patching up a problem and not really dealing with the preventive side of future problems. And so I was just wondering what you had in mind and how did you see that being funded.

Ms. ORFEO. Well, I think the committee will receive more information shortly. We expect—the Government Accounting Office is doing a study to look at possible revenue sources for our Wastewater Trust Fund. I think, Congressman Cummings, that you have hit the nail on the head, that there really is a huge long-term need here. We are looking for $10 billion a year, $50 billion over 5 years, and I think the debate will get stimulated again once we get some guidance for you from the GAO that will look at what potential revenue sources are out there. And I think that will inform this debate and allow us to have much more dialogue on this topic.

Mr. CUMMINGS. Thank you.

Mr. Weakley, I think you have written in your testimony about the need for another Mackinaw.

Mr. WEAKLEY. Yes, sir.

Mr. CUMMINGS. What are the other ice breaking resources that you believe are needed in the Great Lakes?

Mr. WEAKLEY. Well, sir, ideally I would ask for three additional hulls. And part of the reason for the additional hulls is the ships can't be in two places at the same time. And there are also two missions that take place at the same time, buoy tending and ice breaking. So part of the reason we have scheduled maintenance for our ships during the beginning of the ice breaking season—why would you take an ice breaker out of service in December—is because they have to reset from the buoy mission and move into the ice breaking mission. The problem is that is the most critical time when the ice hasn't set up and we don't maintain tracks. So ideally we would get three additional Coast Guard vessels. They would not be as capable as the Mackinaw, but an additional 140, perhaps another 225 or 175 would help. Again the last two Coast Guard cutters are primarily buoy tenders, only one of which has ice capabilities. So it is a broader spectrum.

To be honest, sir, I would take anything right now. We have been asking for 5 years for a single hull in the Great Lakes and we have gotten nothing.

Mr. CUMMINGS. You know, that I am chairman of the Coast Guard Subcommittee, and you have heard me say this I am sure, is that sadly I think our country too often operates in a culture of mediocrity. We see the problems coming, but we act like they don't exist. And I agree with you. We have been pushing very hard, trying to make sure that we have the necessary equipment that we must have, not just for emergencies, just to do what needs to be done in this country. And hopefully with this new administration and hopefully with some of the things that we will be doing over the next year or so we will be able to begin to address some of those issues.

I know that in your testimony before the Coast Guard Subcommittee you detailed your efforts to persuade the Coast Guard to provide additional assets to ensure that important shipping routes are safe during ice season. You talked in your testimony today about the challenges the Coast Guard has faced this season providing ice breaking capacity.

Have you continued to work to encourage the Coast Guard to provide that additional ice breaking capacity? And what responses have you received from the service this season?

Mr. WEAKLEY. Yes, sir, I have continued to work regionally with the 9th Coast Guard District as well as USCG Headquarters. And also we have reached out to the congressional delegation from the Great Lakes that recently wrote a letter to comment on the Coast Guard. I have not gotten a response probably within the past 2 years directly from the Coast Guard to those requests. I am not aware if the Coast Guard has responded to the Great Lakes delegation or not. I will tell you as a former Coast Guard officer, they are doing the best they can with the resources that they have. But I think if I could be so bold as to quote you at a Coast Guard hearing, we can do better. As a nation we can do better.

Mr. CUMMINGS. It is amazing, you took those words right out of my mouth again. We can do better. Thank you very much, Madam Chairlady.

Ms. EDWARDS. Thank you. Mrs. Capito.

Mrs. CAPITO. Thank you, Madam Chair, and I want to thank the witnesses. I want to talk a little bit—Mr. Bendick sort of reminded me in his statements of an issue. I represent the State of West Virginia, which falls within—several of the eastern counties fall within the Chesapeake Bay watershed area and you know there is a lot of agriculture in that area. And with the other States effected, Maryland being one and Pennsylvania, there is a large onus on the back of local water and wastewater county infrastructures to meet certain standards, and they really don't have the dollars to do it. And I think some of the States have tried to step in and help with that, but I don't believe that the State of West Virginia has been able to do that.

Would you envision a use of some of the dollars that are specifically—you mentioned you wanted restoration to be a part of how the dollars are expended. Would you envision that being a useful way to use some of these stimulus dollars to help these local communities?

Mr. BENDICK. I think wastewater treatment is a worthy purpose for the use of these dollars. A lot of less affluent communities are struggling to keep wastewater treatment plants going. I worked in that area years and years ago. A lot of plants were built shortly after the Clean Air Act was created. They are now running out of steam and need to be rebuilt.

So I think that is a good use of stimulus funding. Generally things that protect and restore the environment are good for the economy in the long run and good for jobs in the short run.

The Chesapeake Bay suffers from the same kinds of ills as the Gulf of Mexico, too many nutrients, too many agricultural chemicals, despite improvements in farming, and some of the techniques that I have talked about for wetland reconstruction, natural ways of treating waste and runoff, are very applicable to the Chesapeake Bay drainage as well as to other river basins around the country.

Mrs. CAPITO. In a general sense—and anybody on the panel can answer this if you want—if the purpose of this bill is economic stimulus job creation, it seems like, for instance, what we were just talking about would be job creation; in other words, to help local wastewater treatments meet the standards.

In the long term how would you address the issue of economic stimulus? Where do you see that as a broader way of sustaining our economy and growing jobs, if at all?

Ms. ORFEO. I would harken back to the response that I gave to Mr. Cummings. I think we do need a dedicated source of money for water and wastewater infrastructure. In many ways it is the forgotten infrastructure. And I believe that we are going to need to get creative and look at a range of options. And I think this committee will be in an a perfect position to do that going forward. And now speaking on behalf of NACWA, we very much look forward to having that discussion continue with you.

Mrs. CAPITO. And the one thing we were talking about the Corps portion of this running through my district, and of course the Ohio River borders on the western portion of West Virginia, repeatedly certain economic entities in my State are unable to move their goods and services out of some of the smaller rivers because they haven't been dredged, they can't get through the channel, and it is becoming a real problem. Then when we go to the Corps, the Corps' response is they don't have enough money to do it. Even though it could be as little as 250,000 or 275,000, they are prioritizing. We have a major lock project in my district going right now in Marmet.

In some of your statements, Mr. Larson, I think you might have alluded to the fact that dredging and redoing our waterways so that the commerce can flow is an area that we sort of put not enough emphasis on. Is that a correct interpretation?

Mr. LARSON. In some ways the issues with dredging are multiple, but moving goods, it goes back to what the chairman has talked about and a lot of you have talked about, approaches to moving not only people but goods and having an appropriate mechanism to do it. Specific transportation corridors for rivers, some of them are absolutely necessary and others have alternatives. We know all of it has to be part of an intermodal approach toward infrastructure and movement of transportation. We haven't done a very good job of figuring that out. We continue to do piecemeal, spending money in some areas that have the political capital to do that and not spending in other areas that don't have political capital. It doesn't necessarily match spending.

Mr. BENDICK. If I could just add to that, this NES project on the upper Mississippi that has been done with the leadership of the chairman tries to mesh navigation and ecosystem restoration and balance those things and plan comprehensively to do both at once. I think that is a really good model for other places in the country.

Mrs. CAPITO. Mr. Weakley.

Mr. WEAKLEY. Ma'am, thank you for the opportunity to respond. There is a concept in naval architecture called tons per inch immersion. For each additional inch of water it is how many more tons you can load on that ship. For one of our largest ships on the Great Lakes, it is 270 tons of cargo given up for each inch of water we lose.

Mrs. CAPITO. Wow.

Mr. WEAKLEY. And on the Great Lakes we are talking about feet, feet literally. So it may not be as extreme on the Ohio River system, but it is still a dredging problem. And when I talked about connectivity between natural resources and manufacturing I think you have really defined the problem. How can we make the system more efficient because that is not a single benefit, that is a benefit to the entire Nation each time cargo moves on that corridor.

Mrs. CAPITO. Thank you, Madam Chair.

Ms. EDWARDS. Thank you, Ms. Capito.

Ms. Hirono.

Ms. HIRONO. Thank you, Madam Chair. I have a question for Mr. Bendick. Mr. Bendick, I represent Hawaii that consists of seven inhabited islands, so there are lots of coastal areas, a lot of coastal ecosystems. And I note in your testimony that you suggest that the Army Corps develop a national program with the goal of doubling the restoration of freshwater and coastal ecosystems. So can you talk a little bit more about how you envision the Corps, what kind of process they would engage in to come up with a national program, and would you also want this national program to include goals for every single State?

Mr. BENDICK. Well, there are a number of these large scale coastal restoration projects like coastal Louisiana, the Florida Everglades.

Ms. HIRONO. Is there one in Hawaii?

Mr. BENDICK. There is not one in Hawaii.

Ms. HIRONO. That is why.

Mr. BENDICK. Proving grounds for the Corps to gain a lot of expertise and restoration. I think our thoughts are particularly in light of sea level rise that we need to look comprehensively at our coastal areas, to plan those out in ways that define what needs to be protected, hopefully what needs to be protected with natural system restoration, and then figure out ways to fund and carry that out. And most coastlines in this country are very much degraded and we would advocate the Corps, working with the other coastal agencies like NOAA, to evaluate each section of coastline and to figure out what restoration and protection that serves people and also protects the natural environment that would be useful.

Now, of course in this stimulus bill there is $400 million to NOAA, in the House draft bill, for coastal restoration, and that is very much a step in the right direction. But those are mostly smaller scale projects that need to be coordinated with the larger scale kinds of things the Corps does.

Ms. HIRONO. Well, my perspective is that if we are going to go in this area, we should definitely look toward funding for every single State, because I think every State has these kinds of needs. And often a small State like Hawaii gets left behind, because we are not contiguous for one thing. And so I hope that this will add to the discussion about having a national program, which I very much support. So thank you for your testimony.

Mr. BENDICK. Thank you.

Ms. HIRONO. I yield back, Madam Chair.

Ms. EDWARDS. Thank you. Ms. Titus.

Ms. TITUS. Thank you, Madam Chair, members of the panel. I would like to continue that same line of questioning. I appreciate your comments, but I heard little or nothing about the special needs or any projects in the West generally. I am talking about

States that have no coastline. We have got Nevada, New Mexico, Arizona, Utah. Our river is the Colorado River. And so I would just ask you, Mr. Larson, certainly there are floods in areas that don't have a river bed or aren't in a hurricane zone. Mr. Bendick, I realize you just came from the southern division of your organization, but surely you can come up with some examples of some so-called shovel ready projects that we could look at working on the other side of the Mississippi.

Mr. BENDICK. I think the Corps has some interesting and important restoration projects on the Missouri, which as you know starts up there in Montana and cuts across the upper Midwest. The Missouri River has been very much modified over the years and there are comprehensive ideas about what could be done there.

I am not as familiar with the Colorado, and I believe the Bureau of Reclamation has the responsibility for many of the water projects in the Mountain West. And it is certainly our hope that the Bureau of Reclamation would use some of these same techniques and would think about restoration and natural, using green infrastructure, to manage water in the West as the Corps does more in the East.

Mr. LARSON. I do think there is a fair amount on the West Coast that does look at those kind of activities. For sure, when you get out to California and Oregon, Idaho, some of those areas have been doing a lot of this for a long time. So I think those opportunities exist everywhere, and I trust that those States are working with the appropriate Federal agencies to try to come up with those kinds of projects, because they are necessary and they pay long-term benefits and will have the same impetus of job creation and need to be part of our long-term look of what we do with our waterways and what we do with our infrastructure.

Ms. TITUS. Madam Chair.

Ms. EDWARDS. Thank you. Mr. Schauer.

I have a couple of questions. One, I want to say I am dead on the need to invest in our water and sewer infrastructure. My own personal experience is the water main break I had in front of my house under my son's car about 2 weeks ago, waking me up about 1 o'clock in the morning. And we just had a water main break just a couple of days ago in my district that is resulting in a major portion of our district under a boil water advisory, and that isn't even the water main break that was on national news. So this is happening all around the country, and it is just a sign that our infrastructure has just been completely disinvested and we need to step up those investments. And we are going to get a good start with this recovery package.

I know that NACWA has a list of ready to go projects, which all across the country is a self selected list, Ms. Orfeo, and so we would like to make that a part of our record and that obviously doesn't represent every ready to go project around the country, but certainly gives us an idea of projects that we could put resources into right away and get started.

Ms. Orfeo, you heard the opening statements and the concern raised with the proposed spend-out rates suggested by the Congressional Budget Office. And according to their statistics, the spend-out rate for an appropriations to the Clean Water SRF would be about $1.3 billion in fiscal year 2010 and 1.8 billion in fiscal 2011, with the remaining 3 billion being spent out over the next 8 fiscal years.

Ms. EDWARDS. [Presiding] Could you contrast that with the list of ready-to-go-projects developed by NACWA, the one that I just referenced, that suggests approximately $17 billion in ready-to-go projects nationwide that could be shoveled in the ground in 120 days?

I do want unanimous consent to make sure that we include this list as a part of our record.

Ms. ORFEO. Yes, and NACWA would clearly support having that list be made part of the record.

Let me bring this for the committee. Let me just talk about some of MWRA's projects because I think that will give you a pretty good sense of how the spending is going to work out.

We have 19 wastewater projects that are ready to go, representing almost $200 million in spending. Five of those projects have completed already the construction bidding process, and they just await, you know, ink between us and a contracting firm. We have another couple of projects that are out to bid, and those bids will get awarded in February and in March. Then I know Chairman Oberstar this morning talked about other projects that were in final design. The remaining twelve projects for us are what I would call in the final throes of final design, and so these will all have the shovel and will hit the ground in the short term.

Some of these projects will put people to work over a prolonged period because of the nature of the projects. They will keep people employed for up to 2 years, so I think that is, you know, a positive point about a lot of these projects.

Ms. EDWARDS. Thank you.

In your for SRF funding going out to communities as grants and not as traditional loans, do you believe that NACWA's ready-to-go list is contingent on whether the funding comes to communities as a loan or as a grant? Would your list be larger or different if a greater share of the recovery funding from the clean water SRF were distributed as grants?

Ms. ORFEO. No, I do not think the NACWA list is contingent on the funding being grants, but clearly one of the concerns we have heard from our members is the ability to continue to work with it. Some communities have kind of cumbersome processes to issue the money as loans. Because this is a stimulus, because the goal is to get those jobs created as soon as possible, we are advocating for more grants. I am not sure there is a whole lot of distinction between, if more money were made readied as grants, more projects would be ready to go, but I think, clearly, what we are hearing is, of those existing projects, they will definitely get out the door in the time frames that you want them out the door with the availability of grants over loans.

I think you heard from the Governor of Wisconsin this morning. I can reiterate that, from my own State and from what we are hearing from States across the country, everyone wants to work together to spend this money. No State wants to have a black eye in terms of its ability not to spend the money, and everyone wants to try to work with each other. As I indicated, we will work with our States. We will work with this committee to make sure you have what you need and the assurances that you need that these funds will get out the door.

Ms. EDWARDS. Well, I do know that, in my own State—and I know this is true across the country—with the State budgets and local budgets being so strained, I am sure that in their planning process, they certainly would prefer a greater ratio of grants to loans.

Mr. Weakley, a great deal has been said about the importance of construction funding for the national economy.

Can you speak to the importance of the operation and maintenance account to economic recovery, especially with respect to the Great Lakes' dredging needs?

Mr. WEAKLEY. Yes, ma'am. Thank you for that question.

Currently, in the Great Lakes, there is about a $230 million backlog of unfunded dredging needs. Now, that has built up over a period of years, probably a decade.

Part of our frustration is that there is a fund called the Harbor Maintenance Trust Fund, and this ties into the question because the same issue is on the west coast. They have unfunded dredging needs as well. The trust fund takes in about $1.2 billion to $1.3 billion a year specifically to fund our dredging needs. Out of that $1.1 billion, about $700 million—about half—is actually spent. So, over the years, there is an excess of about $5 billion in the Trust Fund that has been collected from industry by the government for an intended use, which has not been spent appropriately. So there is a lot of pent-up demand. There is capacity to execute on those contracts, and we believe that the money has already been collected by the government to fund those activities.

I know for a fact—I was out on the west coast giving a speech—that they have similar concerns and a similar backlog there, so I am sure they have shovel-ready projects to meet your question, ma'am.

Ms. EDWARDS. Thank you.

Mr. Larson, we have heard from the Corps of Engineers that funding for the continuation of the national levee inventory and inspection authorized in the Water Resources Development Act of 2007 would be eligible under the draft American Recovery and Reinvestment Act of 2009.

In your opinion, would this be a priority for completion?

Mr. LARSON. The inventory, itself? Yes.

We have suddenly realized—although, I think it has been there all along—that we have this huge problem with levees in the Nation brought about because of the catastrophic events we saw from Katrina and in the Midwest and so on, but the reality is we really do not know how many miles of levees there are in the Nation. We do not know what condition they are in, and we do not know who owns them. Until we have a handle on that data, even attempting to attack the issue is going to be very difficult, if not impossible.

The Corps has a good start on it. It has an inventory of the federally owned levees, and now there is probably two to three times that much, if not more, of privately owned, or non federally owned, levees out there that need to be inventoried and put on a GIS system so we know where it is. That is the first step, so getting that step done is going to be critically important.

Ms. EDWARDS. Thank you.

Ms. Norton, do you have questions for this panel?

Thank you very much, and we really appreciate your patience this afternoon.

Ms. NORTON. [Presiding] We will proceed now to the final section of the bill. I want to assure all of you that our section always comes last, but by no means does it imply that we are least. In fact, I am going to indicate why we are more important in this context than the other provisions in the bill, and I say that without needing to favor this section. Unfortunately—or for them, perhaps, fortunately—Congress finished its business several hours ago, and therefore, this committee, which is particularly large this year, had an incentive for Members to hightail it back to their districts, so that is why so few of them are here, because I know they would want to be here.

I have had occasion to have to explain why we are doing infrastructure funding, particularly before a rather large gathering of women before the inauguration. I believe it is going to be important for us to lay out why governments, when they have serious downturns, turn to public infrastructure, because people spoke up and said, "What about women? We are not in construction." Actually, this bill will contain some very important sections on apprentice and pre-apprentice training because so few women and minorities have been trained for the classic journeyman positions.

Beyond that, we are dealing with the tried and true way of stimulating economies ever since government decided to do it. Many different ways have been tried. We saw, for example, a stimulus bill that involved giving people some direct funding just a few months ago.

Now, the problem with that was not that people were not appreciative and not that it was not very good. It was excellent for people to get some money as the economy was going down, but I must tell you that the money has, by now, been spent, even by the Saudis, who received a good share of it because oil prices were going up, and people used it for that purpose. You may know that people also used it to pay off their credit card debts. I will tell you what; that is not what we had in mind.

What we could not know at the time and could not know today, if we had decided to spend more money than that, is that people would go out and spend it to stimulate the economy itself. If I may say, in passing, there is something very distressing about a society that now is so consumer-driven that, instead of telling people to save, we have to say, "Go out and spend every last cent you have." So we have got to quickly move to the knowledge economy that we are becoming since we obviously do not make as much as we used to make.

So then you say, How do you get money into the economy? What is the best way?

You come back to the only way we have learned in 100 years of trying, and that is you put money into what you do anyway—you, the public sector. What do you do? Well, you do fund public infrastructure. You fund at the State level schools and recreation centers and public buildings, and of course, in the Federal sector, we fund everything we build. So, the theory goes. It is a theory that has been proven time and again, which is that, if you fund these already existing responsibilities you have for public-sector funding, you are doing what you have to do anyway. Number one, you are creating jobs. Number two, you are stimulating the economy, all at the same time. Nothing else does that.

Construction funding does something else, particularly if there is enough of it in the pipeline. It wakes up the other sectors because construction, in turn, depends upon all kinds of suppliers and other adjunct services. So, according to the economists, fully half of the jobs created do not have to do with construction. That will ultimately get the women and others who are not journeymen—although we have tried—to, in fact, deal, in part, with that very important issue in this bill.

So why did I say then that this sector turns out to be particularly important and, I would say, unique?

What you have heard has been very important, that funds are, of course, given to the States and, hopefully, to the localities to engage in public-sector funding there. So it is, by formula, a typical grant program to those in the States.

What about Uncle Sam, himself, and all that he—and she—build around the country?

This provision deals exclusively with the repair, alteration, and construction of our own inventory. It is our own responsibility, direct spending of the kind which we have badly needed to do for some time. Of course, one of the witnesses will testify on the multiplier effect that these funds will have on the economic development administration portion of the bill.

To say a word about why this is particularly important for this subcommittee, it has been very frustrating to sit before I became Chair, certainly, of this subcommittee and see the vast Federal inventory deteriorate before our very eyes while we spend increasingly more funds to lease from the private sector. We finally have reached the tipping point where we lease slightly more than we own, but the most heartbreaking thing to see were agencies that came to us and said, "We need to lease even though we are now in federally owned space." Well, we make it very tough to do that because they have to make an extraordinary case to get out of what we own and then ask us to spend some money—some rent as it were—to others.

I must tell you that, if deterioration goes far enough along, they can make that case, and we are left holding a piece of property that we cannot rehabilitate, that nobody wants to or should be forced to work in. Therein, you have, perhaps, the most wasteful practice that the Federal Government would have to offer at this hearing.

So we have had this exponential growth of repair and projects, rehabilitation projects. We just sit there and wishfully think. We particularly like this bill because, while there is some construction, there will be far more repair and rehabilitation. Repair and rehabilitation is not only what the Federal inventory most needs, but we like the fact that the repair and rehabilitation often involves a wide variety of skill levels, yes, typical construction industry skill levels, but even skill levels that are fairly sectionalized and would not qualify for journeyman consideration. We believe that, well chosen, we can return space to the Federal inventory.

We will be having a hearing as soon as the ranking member, our new ranking member, Mr. Diaz-Balart, allows it. We are trying to agree on an early time. He has been very forthcoming, but we have got to make sure that everyone gets prepared for it. It is going to be an early hearing, if the ranking member agrees with me, particularly since we could have a direct influence on what gets funded here.

There is formula funding for all the rest of the bill going out to the States. Since it is formula funding, big daddy or, here, mamma—Uncle Sam—cannot instruct but so much. We do not intend to let this portion of the bill go by with GSA funding indiscriminately or in some kind of a favoritism way or either by a State. Remember, we are talking about buildings all across the United States of America. They are going to have to come to us with some kind of reasonable formula for how they are going to decide what gets funded, and that is why we warned them not to get started without hearing from us.

We think we can begin to get at, really, a terrible closed circle because, as the GSA becomes more and more dependent on leasing, we guarantee the continued deterioration of the Federal inventory since we repair the Federal inventory from the so-called Federal Building Fund, because the agencies in this government-owned space pay the functional equivalent of rent, which in a revolving fund is used to repair their buildings and other buildings. It is one of the best examples in the Federal sector. These were revolving fund examples, some of the best examples, but of course, if you lease, then you do not replenish the revolving fund, and you aid and abet the deterioration of which I have just spoken.

In my opening statement, I spoke about a hearing that the chairman and I went to at which we spoke, oh, at least 10 years ago—the President's Commission on Capital Budgeting. Part of the problem we have is that the Federal Government has no capital budget, so it does project funding in the most wasteful, catch-as-catch-can way. We hope to help break that cycle. We are going to have a series of hearings where we authorize how the GSA does its work. In any case, we regard this bill as of particular importance to the American people, and we take that responsibility very, very seriously because this involves our spending directly.

We also want to indicate that, unlike the way in which these bills have been characterized since the very first one, the stimulus bill and even the bailout as, quote, "the economy," the American people do not understand what you are talking about. This bill is about jobs. Then it is about jobs, and then it is about more jobs. The whole theory is that jobs get at stimulating the economy, and we believe that this section of the bill does it as well as any other because the Federal Government is going to have to take personal responsibility through us for where that funding goes and for how it is achieved.

We very much appreciate your patience in waiting to testify for so long. Actually, if you knew the record of this committee, this committee, when it has such hearings, is usually about halfway through at about this time when it has every committee to go. So

I guess I should be grateful for small favors. Nevertheless, I apologize.

I am very happy to ask for remarks at this time from our new ranking member to the subcommittee, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman.

I want to thank you first for your leadership. It is, frankly, something I am very much looking forward to, working with you. You are a person who has vast knowledge and experience, and so I could not be more thrilled than to have the opportunity and, frankly, the honor of working with you on issues that are very important to our Nation.

I also want to thank Chairman Oberstar and Ranking Member Mica for holding this hearing today on infrastructure investment and on the proposed economic recovery program.

As we all know, earlier today, the House Appropriations Committee passed legislation that calls for, I believe, $550 billion of taxpayer dollars to be spent, actually spent, under an assortment of projects and programs. The intention, as stated in the proposal and as our chairwoman just rightly stated, is to create jobs—that is the issue—and to promote economic recovery through federally funded infrastructure projects.

Now, more specifically, as the new ranking member—I am new by the way. This is my first year as ranking member, so bear with me, please. I ask the chairwoman to bear with me as well.

It is important to note that there is already $1 billion proposed on projects within this subcommittee's jurisdiction, including $7.7 billion for the Federal Building Fund, $150 million for the Smithsonian Institution and $250 million for the Economic Development Administration as well. In addition, there are billions more proposed for other departments and agencies related, obviously, to Federal buildings and agencies, et cetera.

Now, while the proposed legislation provides additional funding for the Inspector General—which is something we think merits attention—and for GAO, I am a little concerned—I am actually very concerned—that meaningful congressional oversight of the different projects is, frankly, not included in this legislation as we have it today, and we know that the potential for waste is huge. It is absolutely huge. This really puts almost $8 billion into the hands of the middle level GSA bureaucracy to spend how they see fit.

That is why I need to commend the chairwoman for her efforts and for her leadership in doing that hearing that you will be doing. Again, as I said, bear with me because I am new, and it is going to take me a little bit more to get prepared. Hopefully, if you will bear with me, we will get faster at it. I want to commend the chairwoman because we need to make sure the money is well spent and that we know where it is going. I am extremely thrilled with what the chairwoman just said in that we have got to make sure that there is a plan before we just authorize all of that money for, frankly, people that we don't know who they are to make those very large decisions.

Now, part of the reason, obviously, is because there seems very little that would prevent funds from being used for projects, even those that this committee has, in a bipartisan fashion, intentionally rejected in the past. For example, GSA could—could spend—$1 billion on a single California project that this committee, in a bipartisan way, has repeatedly refused to approve because it has deemed to be wasteful, and there is nothing in the bill right now that would stop that. Not only is there nothing that would stop it, but we do not even know who makes those decisions, which is rather interesting.

The proposed bill ignores, frankly, the prospectus process which is normally required for such projects. In addition, this committee has not included in the reporting requirements mandated in the legislation. So, not only would we not have any idea how it is going to be spent, but after it is spent, we would have no idea how it was spent. Obviously, that is something that I know, and that is why I commend the chairwoman for her concern as well on that issue.

I do not need to remind anybody that the management of the Federal real property continues to be on the GAO high-risk list. Issues such as the increased reliance on costly leasing, as the chairwoman just mentioned, and inefficient and underused Federal buildings are just two of the issues that remain problematic.

I also understand that, while the proposed bill does not explicitly maintain acquisitions of property as an option, I think it does allow for projects authorized under existing GSA authorities, which may include—hopefully would include acquisition.

Now, there are many development projects that have either stalled or are at risk of stalling because of the economy. This potentially creates an opportunity—a great opportunity, I think—for the taxpayer to acquire needed property, as opposed to just leasing forever, at a bargain price. It is clearly a buyer's market. At the same time, it will help stabilize the economic development projects that, frankly, may be in jeopardy in many parts of our country.

If used carefully, this authority would be a win-win for the taxpayer. I mean, think about it. We could stimulate the economy by resurrecting stalled construction projects. The taxpayer could get a bargain purchase price, and we could save billions of dollars over time because we own those buildings as opposed to having to continue to lease them.

Now, in addressing our policy goals such as this, it is an example of why Congress must—I repeat "must"—ensure that there are clear criteria and clear direction as to how these funds will be spent. That is exactly what the chairwoman was just talking about a little while ago, and we could not be in more agreement. This legislation could be a great opportunity, and it is needed. It is a great opportunity to put in place real solutions that would help address these ongoing challenges. Instead, unfortunately, this legislation seems to do very little to address these concerns. In fact, it could actually lead to more of a reliance on costly leasing and on wasteful spending.

While there are worthy and necessary projects in the pipeline that need to be funded and which would help to support and to create needed jobs, we must ensure that such large commitments of the taxpayers' money are properly used and managed. At a minimum, GSA should be required to submit, as the chairwoman just stated—and if I sound like I am agreeing with her, I could not agree with her more. As she just stated, they must be at least required to submit a projected spending plan to this committee before—before—they enter into any contracts. Proper congressional oversight must be maintained, and ongoing management issues should be addressed in this bill. None of us wants to repeat and none of us wants to get back into and have a repeat of another TARP mistake where it was not even putting the cart before the horse. There was not even a cart built before the horse was running all over the place. We clearly do not want to repeat that mistake. Without effective oversight, I fear that, months from now, we will be reading the newspaper headlines and the stories with reports of billions of dollars that are wasted on unnecessary projects selected by people who we do not even know about—faceless people in the middle of a bureaucracy. So I hope that these issues can be resolved and addressed.

I look forward to hearing from the witnesses. I also want to add my words to what the chairwoman said. You have been very patient. Thank you very much. We are looking forward to hearing from you.

Once again, I want to thank the chairwoman for allowing me the opportunity to join this hearing and for the one that she is going to be doing, which is so crucial, and I look forward to working with her and to listening to you.

Thank you, Madam Chairwoman.

Ms. NORTON. Well, thank you very much, Mr. Diaz-Balart.

We began as one in our understanding of how the Federal money for Federal projects has to be done. I suppose the subcommittee should be on notice; the only way to do that is with frequent subcommittee hearings and, certainly, with a subcommittee hearing and plan before one cent of this money is contracted.

Finally, I am going to say that I think it is tougher to do oversight on the other committees—I am on another committee—than it is to do oversight here because GSA is right here. We have experience in watching them, and I think that they know that there is a price to pay, not in money, but there is a very severe price to pay if they proceed contrary to congressional instructions.

TESTIMONY OF TERRELL G. DORN, DIRECTOR, PHYSICAL INFRASTRUCTURE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE; NANCY BACON, SENIOR ADVISOR, UNITED SOLAR OVONIC AND ENERGY CONVERSION DEVICES, INC., ROCHESTER HILLS, MICHIGAN; STEPHEN S. FULLER, Ph.D., DIRECTOR, CENTER FOR REGIONAL ANALYSIS, GEORGE MASON UNIVERSITY; SHARON JUON, PRESIDENT, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Ms. NORTON. With that, I would like to proceed as the witnesses would like, except that I would like to hear from the General Accounting Office first. Then you may speak in any order you desire. So I would like to hear from Terrell Dorn, the Director of Physical Infrastructure Issues at the GAO.

Mr. DORN. Thank you, Madam Chair, and members of the committee.

Six years ago this month, the GAO added Federal real property to its high-risk list, in part because of deteriorating facilities and unreliable property data. Two years ago, we reported that the major Federal real property holding agencies had made progress towards managing their property, but underlying problems, such as the growing backlog of repair and maintenance needs, still existed.

Last year, we reported that agencies generally expected their backlogs to increase as their property continues to age and as construction costs continue to increase.

Much of this backlog is associated with the fact that a good portion of the Federal portfolio is over 30 years old. In fact, some of the boilers heating this building today are over 50 years old. In many Federal buildings, their heating and air conditioning motors, lighting, roofs, insulation, and windows are antiquated, are in poor repair, and are inefficient by today's standards.

Overlaid on top of the Federal portfolio's multi-billion-dollar backlog of repair and maintenance needs is the Energy Independence and Security Act of 2007, which requires Federal agencies to take steps to increase energy efficiency, water conservation and to make renewable energy more available in Federal buildings. The implementation of this act began this year, and it is still ramping up. The Department of Energy estimates that Federal agencies will need an additional $1 billion annually for the next 6 years to meet the congressional goals established by the Energy Independence and Security Act.

Addressing these repair and conservation needs sooner rather than later cannot only put people to work; it can be cost effective. First, postponing repairs generally leads to higher operating and maintenance costs in the future, and deterioration becomes more rapid. For example, with a small roof leak, there becomes a need to replace ceilings and carpets. Second, investing in the conservation measures outlined by Congress in the Energy Independence and Security Act has the potential to reduce energy consumption, to reduce greenhouse gas emissions, to reduce future operations and maintenance costs, and to conserve water.

In addition to their effects on jobs, these are projects that, for the most part, could pay back their costs over time through reduced future O&M costs. Agencies report that the biggest barrier to improving energy performance in Federal buildings is not technology; it is available capital. GSA and other agencies are trying to address this issue, in part, through the use of alternative financing mechanisms, such as energy savings performance contracts, where the initial cost is financed by private companies and is paid back over time through the savings in utility bills.

Paying for these improvements with up-front funding instead of these alternative contracts, however, is generally more cost-effective, and it allows the Federal Government to reap the full benefits that result in savings.

A large infusion of funding provides great opportunities to address longstanding maintenance needs and to meet other important congressional goals, such as energy and water conservation. It also brings the challenge to ensure that the money is spent effectively and efficiently on projects that can offer the greatest benefits.

For example, in fiscal year 2008, the GSA was given about $1.3 billion for construction repairs to Federal buildings. There is a similar amount in its 2009 budget. This act would require them to more than triple their contracting in this area over the next year. This would be a huge challenge for any organization, and we have identified three principles that can be helpful in guiding their future investments.

First, create well-defined goals based on identified areas of national interest. Second, incorporate performance and accountability into funding decisions. Third, employ the best tools and approaches to emphasize return on investment. For example, Federal agencies, including GSA, have historically faced challenges in collecting and in reporting reliable energy consumption data because of limited metering in Federal buildings. The implementation of the advanced meeting requirement in the Energy Policy Act of 2005 will give agencies an important tool to verify the return on investment of building repairs and of modernization, and it will also help to identify additional opportunities for savings.

In summary, the committee's proposal presents an opportunity to reinvest capital in our aging buildings, not only in reducing the backlog of maintenance and repair but also in protecting the investments we have already made. It also presents the opportunity to reduce greenhouse gas emissions and future operations costs through expediting energy and water conservation projects.

With a great opportunity comes a great challenge for Federal managers to expedite their current contracting. The need for oversight, accountability and performance measures is critical to ensure that our money is well spent.

Thank you, Madam Chair. This concludes my statement. I am prepared to answer any questions.

Ms. NORTON. Thank you very much, Mr. Dorn.

Why don't we now go to Ms. Bacon, and go down the line.

Mr. SCHAUER. Madam Chairman, would it be in order for me to make a brief comment before she makes her speech?

Ms. NORTON. Unless you have to leave, we would prefer to hear from all of the witnesses first, and then we would be glad to recognize you very soon thereafter unless you have an appointment of some kind. We always do that.

Ms. BACON. Thank you, Madam Chair, and thank you, distinguished members of the committee. It is an honor to be here and testify today here with you.

I am a board member of the Solar Energy Industries Association, known as SEIA. I am also the Senior Adviser of Energy Conversion Devices. We are a publicly traded company in Michigan, near Detroit, where we manufacture thin-film solar laminates. Our largest business is United Solar Ovonic, which is a global leader in the manufacturing of thin-film photovoltaics. ″PV″ we call them.

They convert sunlight directly into clean, renewable energy. As you can see from this small sample, they are lightweight. They are flexible. And they are rugged. Yes, you have one there, I see. Unlike other products that are conventional products made of glass, these features make them ideal for rooftop applications. They are typically 18-feet long, 14-inches wide and very lightweight. In fact, the products were selected to be used on the Mir space station. This picture shows how we make them in large rolls of stainless steel, very thin rolls on 1 and a half mile substrates.

If you could go to number 5, please.

We were just given a large order for a 12-megawatt installation system that has been installed in Spain. Now, this is on a rooftop in Spain. It is the largest photovoltaic array of any rooftops in the world. This is what we would like to do in the U.S. We manufacture here in Michigan, but we are shipping all over the world. Now we would like to look at installing these on government buildings.

To make our laminates, we employ more than 2,000 people. Most of them are employed in seven manufacturing, R&D and administrative offices in Michigan. Since 2006, United Solar has increased its employment fourfold to 1,200 employees. In Michigan, that is quite a feat because, you know, we are at ground zero. We had 10.6 percent unemployment that we announced last month, and we are just now adding another facility that is under construction in Battle Creek, Michigan, where we are going to add another 350 people. This facility is now under construction.

We applaud the committee's proposal to rebuild America, and we share its vision to create green-collar jobs by investing in projects that decrease our dependence on foreign oil and that address climate change by reducing carbon dioxide production.

We believe we can play an important role in making this happen while generating thousands of jobs, while reducing the cost of solar systems and while helping advance photovoltaic technology and processes, making it domestically manufactured and accessible and affordable throughout the country.

But we need your help. I will discuss this in more detail later, but what we are proposing is a robust government procurement program to install solar photovoltaic systems on roofs of Federal buildings. If this is adopted, we believe we can help revitalize the U.S. manufacturing base and help achieve the committee's and the administration's goals.

Rooftop solar photovoltaics are an ideal means of creating a national distributed generation program. As the committee well knows, "distributed generation" simply refers to the generation of electricity at the point of consumption rather than from a remote location. As outlined in my written testimony, the benefits of distributed generation are numerous: better land utilization, a reduced strain on the antiquated grid system, no transmission and distribution losses, less reliance on foreign oil, and a drop in carbon dioxide production. Those are five significant benefits all in one.

If you think about it, rooftops are an excellent place to install solar PV systems. For most buildings, the roof has no other purpose but to cover what lies beneath it, so we are actually able to take advantage of otherwise wasted space, which is a huge cost savings in densely populated areas where the demand for electricity is the highest. Solar systems are infinitely scalable. They can be installed on any rooftop, any size, any shape.

Now, as you probably know, the Federal Government spends an estimated $5.8 billion annually on electricity, making it the Nation's largest consumer of electricity. There are three immediate steps, I believe, the government can take to spread the adoption of rooftop solar PV, which I have summarized in the handout that we gave you.

First, the government should lead by example by initiating a large-scale, multiyear program to install solar photovoltaic systems on the roofs of Federal buildings across the country. The GSA alone has 8,600 buildings in the U.S. We have already installed our products on the roof of a GSA building in Massachusetts, which is also pictured on page 14 of my handout. As Chairman Oberstar had indicated in his proposal, the GSA headquarters has a plan to renovate their 1800 F Street location with the installation of a solar rooftop photovoltaic system.

We applaud the Departments of Energy and Defense, which have installed solar systems on rooftops of several of their buildings, some of which are also pictured in the handout.

This represents a tiny fraction of what the real opportunity is. A national photovoltaic procurement program could generate significant economic results almost immediately. Solar photovoltaic systems can be designed and installed in a matter of months. Now, this compares to years for other infrastructure projects and compares to, in some cases, decades for coal, gas-fired and nuclear power plants. The domestic solar industry, including my company—United Solar—is creating jobs today. A Federal procurement program would rapidly accelerate the creation of high-quality green-collar jobs in the solar industry, not just for U.S. solar cell and module manufacturers like us but for electricians, roofers, installers, other balance of system providers, as well as it could create jobs for construction and manufacturing facilities and for production equipment.

My second recommendation would be that we integrate the procurement program across all Federal agencies, including the Department of Defense. Just imagine every military aircraft hangar covered with solar systems. The DOD has an aggressive energy program for its installations and is very interested in photovoltaic power production. They can produce power as well as allow utility companies to benefit from free- or low-cost roof space in exchange for long-term power purchase contracts, giving DOD predictable power bills.

Finally, my third suggestion was for a requirement to support made-in-the-USA systems. I heard earlier—and I was very happy to learn—that for government procurement, this committee does require items that are made domestically. I was very heartened to hear that because most of the manufacturing for photovoltaics now is overseas. We invented photovoltaics. As my colleague down here can tell you—his father was very instrumental in it over 50 years ago—now we have less than 10 percent of the production. So most of the products that are sold in the U.S. are made in China or in Europe or in Japan, and I would like to see that created in the U.S. It would ensure job retention and creation on the manufacturing side, in addition to the design and installation jobs, and it would have the necessary capacity to be able to meet the government's near-term needs as we continue to expand.

Our company, for example, has a plan to triple our annual production capacity in the next few years to 1 gigawatt of annual production. We can speed up this process if there is sufficient demand. A made-in-America requirement would also encourage foreign manufacturers to locate their production plants here in America rather than to supply products manufactured offshore.

So I would strongly recommend that the rest of the government adopt this committee's proposal to have "made in America" so that throughout the Federal Government we can be using products produced right here and so that we can employ our own citizens.

In closing, I would like to applaud the committee for its commitment to lead in the green energy revolution and to ensure that the economic recovery program is both effective and successful. I look forward to continuing to work with the committee and with the staff to ensure that the U.S. is, once again, the world leader in solar photovoltaics while also reviving our economy and while putting our fellow Americans back to work.

I would like to thank the committee for the opportunity to provide testimony today, and I hope my comments will be helpful. I would be happy to answer any questions you might have. Thank you very much.

Ms. NORTON. Well, congratulations to you, Ms. Bacon, on what you have been able to do without a lot of government assistance, it would appear.

Mr. Schauer, had we known that this witness—and Mr. Schauer will learn this. He is a new member of the committee. If there is a witness from your home district, you automatically get to introduce that person and to, you know, filibuster all you want to.

Mr. Schauer was very polite and simply said he wanted to speak. Well, of course, we do not let that happen.

But, Mr. Schauer, I apologize, and we will allow you at this time to speak.

Ms. BACON. And we are creating 350 jobs in his district.

Ms. NORTON. And apparently, he had something to do with that, so I will not steal his thunder any longer.

Mr. SCHAUER. Madam Chair, and to the vice chairman, you are both very gracious.

First, as a member of the full committee, I am excited about the vision of your subcommittee and about the potential that we have to lead by example, so I am very proud to have a company here from my home State of Michigan.

As the witness noted, in fact, our unemployment rate for December hit 10.6 percent. So we have a green-collar industry make a commitment in my hometown, in my home district—Battle Creek, Michigan—of, I would like to say, at least 350 jobs, hopefully more.

By the way, Madam Chair and Mr. Vice Chairman, the reason this company chose this site is the infrastructure was there, and they are growing very rapidly, but this is a technology that is very versatile. It has private-sector uses, public-sector uses, and this is a company that is going to be growing around the country. If we are going to be investing taxpayer dollars, we have the ability to invest those dollars in a U.S.-based company that is manufacturing this material right here in our country where we so desperately need to put our people to work.

I am proud that you are here, Nancy. I was riveted by your testimony and will certainly help in any way that I can.

Finally, I would say, Madam Chair, that I have a number of ideas of federally owned buildings right in this very community, in Battle Creek, Michigan, where maybe we can pilot some of those, including one which is a very historic building—the Hart-Dole-Inouye Federal Center—that provides an important Defense Logistics Agency function. We also have a VA medical center and, of course, an international guard base and a National Guard training center. So we may think creatively about reducing transportation costs to ship that material right there in our community.

Nancy, thank you. It is an honor to have you—United Solar Ovonic—here, testifying before this committee at such an important time where we will be making key investments. I think it is a great idea that we look at using this made-in-America technology to reduce our energy costs and to be more accountable to the taxpayers of this country.

So thank you for your indulgence.

Ms. BACON. I would just like to thank you as well, Congressman, for all of the help you gave us to convince us to locate in Battle Creek. We look forward to it. The 350 jobs are direct jobs. As you know, there will be a lot of other jobs that amplify that from suppliers and from other people, and it does not include the people who are building the building or who are building the production equipment. So we look forward to it. Thank you.

Mr. SCHAUER. I wanted the committee to know that we make more than just breakfast cereal in Battle Creek, Michigan. There is another idea. Let's generate the electricity for that industry with your product, too.

Thank you so much. I will stay as long as I can. I have a flight to catch. Thank you.

Ms. NORTON. We understand.

Mr. Schauer, I must say that we have to congratulate you that, as a State Senator, you were involved in putting together an incentive package at the State level for this project. Now imagine a photovoltaic project in cold Battle Creek, Michigan. That took vision, and it inspires us to think in similar ways.

For example, if a State Senator and his colleagues in Michigan can help create a company in a State which has particular issues of unemployment and is not known for solar or for wind and can get the State or other sections of government to invest in it, one thing we might consider—because we are going to have people coming in from every section of the country, saying, What about my Federal building? We do not play that on this committee. We have it all the time for courthouses. We will just have to look into this.

It may be whether or not we can make this $7 billion go further by making some of it available in communities where there is a sector, a government sector or a business sector, willing to do at least some matching that would help us, in addition to need and in addition to the best interests of the government, make what otherwise may be quite bedeviling decisions.

We are looking for a way to make decisions that does not favor any part of the country, that does not favor any kind of energy, that does not favor any need except the need for jobs. Beyond that, since the need for jobs is wholesale and since every sector in the United States is down, we need to find a formula for this direct Federal spending from the Federal Government that is totally transparent and that can pass any kind of public inspection.

With that, I will go to Mr. Fuller.

Mr. FULLER. Thank you, Chairwoman Norton. Thank you for the opportunity to testify before you today.

I am testifying on behalf of the Associated General Contractors of America, the AGC, a national trade association representing more than 33,000 companies, including 7,000 of America's leading general contractors, 12,000 specialty contractors, and 13,000 service providers and suppliers.

My name is Stephen Fuller, and I am the Dwight Schar Faculty Chair and university professor and director of the Center for Regional Analysis at George Mason University in Fairfax, Virginia.

In 2008, I produced a study for AGC that estimated the impact of nonresidential construction on employment, personal earnings and gross domestic product for the Nation as a whole and for each State. Along with this testimony, AGC's fact sheets for the U.S. and for each State are being submitted for the record. I have done similar research for the National Association of Industrial Office Properties and for the National Stone, Sand and Gravel Association.

My analysis shows that investment in nonresidential construction adds significantly to jobs, to personal earnings and to GDP, far beyond the hiring that takes place in the construction industry itself. In a nutshell, my research found that, when there is sufficient unused labor capital and materials, an additional $1 billion in investment in nonresidential construction supports or creates 28,500 jobs and adds $3.4 billion to GDP and $1.1 billion to personal earnings. Only about one-third of these benefits accrued directly to the construction industry. Roughly, one-sixth goes to industries that supply materials, services and equipment to the construction project. Fully one-half of the gain is diffused through the entire economy as workers and owners in the construction and supplier industries re-spend their added income for a wide range of goods and services throughout the local and State economies.

Clearly, the condition today is that there is sufficient slack in the economy to create new jobs rather than to merely displace workers in other sectors. The Bureau of Labor Statistics reported earlier this month that private-sector employment declined last year by 2.8 million workers. Construction employment has decreased by 899,000 workers, or almost 12 percent, since peaking in 2007. While residential construction has lost the most workers, nonresidential construction has lost more than 300,000 jobs in the past year.

Spare capacity abounds in the construction supply industries as well. For example, employment has declined for 6 straight months in architectural engineering services. The Federal Reserve reported on January 16 that the industrial production of construction supplies declined 14 percent in 2008.

In December, the AGC asked contractors to answer a short survey about current conditions. Seventy-two percent said they had laid off workers in the past 12 months. This represented about a 30 percent reduction in their workforce.

The American Recovery and Investment Act, as introduced in the House last week, would, according to AGC's analysis, provide funding for more than $130 billion of construction-related activity. Assuming these funds are distributed evenly over 2 years, nonresidential construction spending would rise by approximately $65 billion a year under the bill. An investment of $65 billion a year in nonresidential construction would support or create, roughly, 620,000 construction jobs, 300,000 jobs in supply industries and 930,000 jobs throughout the remainder of the economy for a total of 1.8 million jobs.

Taking all of these items into account, it appears that they actually generate close to 687,000 construction jobs by the fourth quarter 2010 that were estimated by the economic advisers to President Obama and by a paper the Transition Office released on January 10.

Although these amounts are large compared to previous Federal funding, they are modest compared to the lists of so-called shovel-ready projects implied by several associations and public officials. They are also far less than the available capacity of construction materials industries, especially since the act would spread investment across many types of structures.

This $65 billion would represent about a 9 percent increase in the current level of spending, far below the 12 percent decrease in construction employment and the 14 percent decrease in output of construction supplies that has already occurred.

In summary, my research shows that, at a time of unemployed workers and of excess production capacity, each billion dollars of spending on nonresidential construction would support approximately 28,500 jobs. It would increase GDP by $3.4 billion, and it would add $1.1 billion to personal earnings. The American Recovery Investment Act, as introduced in the House, had, roughly, $130 billion in spending over 2 years for nonresidential construction projects in a variety of worthwhile categories. It is an industry that has lost 900,000 jobs, and it is where construction supply production has declined substantially. Thus, there is sufficient capacity to absorb new demand.

On behalf of AGC, I urge the committee to support passage of the act. Thank you.

Ms. Norton. Thank you very much, Mr. Fuller.

Ms. Juon?

Ms. JUON. Good afternoon, Madam Chair Norton, Ranking Member Diaz-Balart and members of the committee.

My name is Sharon Juon. I currently serve as President of the National Association of Development Organizations, as well as Executive Director of the Iowa Northland Regional Council of Governments, which is an EDA-designated economic development district headquartered in Waterloo, Iowa.

Thank you for the opportunity to testify today on the vital and important effect infrastructure investment has in stimulating job growth, especially in our Nation's distressed and underserved communities.

We have submitted detailed testimony for the record, so I will limit me remarks to three key areas.

On behalf of NADO and its local partners, we would like to thank Chairman Oberstar and members of the committee for their leadership in recognizing the critical role the Economic Development Administration plays in job creation by providing the agency with $400 million as part of your Rebuild America proposal.

First, if we are to keep pace with our global competitors, the United States must make substantial investments in our public infrastructure systems. Programs like EDA are uniquely positioned to make sound investments in our Nation's infrastructure backbone that can yield short-term strategic construction jobs. This will ultimately lead to high-quality, long-term employment in distressed and underserved comments.

The resources provided by EDA are used to establish and upgrade the public infrastructure that the private sector requires to be competitive, profitable and achieve long-term sustainability. Quite simply, the United States can no longer take it for granted that our business leaders will locate or remain in this country. In this current economic environment, the private sector expects and demands to have access to modern, reliable and efficient infrastructure systems.

Ultimately, if our local communities are unable to provide the private sector with these assets, business will locate or relocate almost anywhere across the globe where a nation, state or locality has these fundamental assets.

Second, EDA is uniquely positioned to assist distressed and struggling communities with a wide range of effective, reliable and efficient job creation and retention initiatives.

EDA is the only Federal agency exclusively focused on job creation and retention efforts. In other words, every dollar of EDA project investments must produce quality private-sector jobs. The agency has exemplary results. Since its inception, EDA has created or preserved in excess of 4 million private-sector jobs and leveraged more than $130 billion in private-sector investments.

However, numbers alone do not accurately reflect the transformational nature of EDA investments. In my region alone, we have firsthand experience of the agency's impact. Last year, my organization helped secure $1.5 million for the Cedar Valley TechWorks project. That is an initiative aimed at establishing a bio-products cluster in several old John Deere buildings that John Deere donated to a nonprofit business organization in the Waterloo area.

In addition, EDA recently provided $300,000 for our organization to hire two full-time flood coordinators, paying for them for over 2 years, following last year's historic floods and tornadoes. These positions are desperately needed to facilitate communications among Federal, State and local officials. They are also essential to coordinate projects and resources at the local level and to provide technical assistance to our local governments and communities who are impacted by these disasters.

I would also say after today's testimony that I am sure United Solar in Michigan would be a terrific EDA project, so look at that in the future.

Unfortunately, local and regional needs far outstrip the resources of the agency, which has a modest annual budget that is currently under $300 million. In June and again in December of last year, NADO surveyed EDA's 381 economic development districts to determine the potential backlog of ready to go public works projects. We identified more than 600 projects worth more than $2.3 billion that could begin if additional resources were available to the agency. These projects could potentially leverage an additional $7.5 billion in private funding and create or save more than 118,000 jobs, with an additional 22 in construction jobs, as a result of EDA's investment.

Let me stress that through the national network of 381 EDDs, in collaboration with EDA's six regional offices, the agency has the capacity to commit funds and implement projects in a very timely manner. Certainly local grantees must comply with Federal rules and laws, but the network of EDDs has the experience and capacity to ensure that these requirements are observed without sacrificing efficient and prompt project delivery.

Even more important, if there is the political leadership within EDA that is committed to moving projects quickly through the pipeline, the agency has the ability and capacity to implement projects in the time frame envisioned by the committee.

Finally, in addition to supporting the committee's $400 million request for EDA, the members of NADO urged Congress and the new administration to adopt additional measures to ensure the efficient and responsible distribution of EDA's stimulus resources. These measures include waiving local match and economic distress requirements for EDA investments, authorize the establishment of a corps of retired EDA executives and professionals, tap into the existing EDD network to further target, identify and vet regional projects.

EDA is a vital resource within the Federal portfolio for distressed communities working to overcome sudden and severe economic dislocations and long-term economic decline. As Congress and the new administration work to refine their proposals to stimulate the Nation's economy, vibrant and robust funding for EDA should be a significant component of any national job creation.

Thank you, and I welcome any questions or comments.

Ms. NORTON. Thank you very much.

I would like to begin by asking Mr. Dorn to lay the groundwork for something that is of special interest to the entire committee and that is the energy savings, particularly given the very significant bill we passed in 2007, the first really comprehensive bill, Energy Independence and Security Act.

We often heard from Federal agencies that they could not document for us efficiently and you mentioned this in your testimony on energy savings. So we have now required these Federal agencies, instead of being metered all together, to be individually metered. Do you believe that this metering by agency will in fact allow us to—our Federal Government to measure the payback in energy savings that has been a particular problem up until now?

Mr. DORN. Yes, Madam Chair. The advanced metering can do a couple things. One, it can identify the savings that you are getting from the projects that you are doing now. Two, by monitoring those meters, you can see what areas used more energy than others do. So you can identify new projects. So that is another important use of the meters.

Ms. NORTON. But that would do it. Just like you can tell in your own home, well, compared to last year's Pepco bill or energy bill. We will have to get the latest statistics from—I take it you do not have it. It is not mentioned in your testimony—from GAO and their progress on metering. Because I don't think we will be able, given the many calls on Federal funds, to continue to talk about weatherization and energy conservation and we can't show what we are talking about.

Dr. Fuller, I would like to ask you a question. To the best of your ability—and you economists are worse than lawyers. Once we get two or three of you at the table we have to figure it out for ourselves. Certainly not.

But I would like your views on whether or not you think the spending here can have an appreciable impact in this provision. The reason I ask is because I went back and read some of the history of the 1930s, and this is both like and different from that situation. They had nothing. They had to invent everything. We have every single sector down. There is nobody up. So, in many ways, it is like it, but the fact that we have been able to do so little tells us how different it must be.

Well, one thing we know is that by almost the close of the 1930s they were beginning to call it Roosevelt's Depression, because he lived by the economic rules of the earlier part of the century that says government doesn't spend money that causes inflation. And according to all the texts, if the truth be told, all the government had done up to this point, and even the WPA and those kinds of things that he began to do, Social Security and the rest, none of that really had a substantial impact on reviving the economy until World War II had a most substantial impact and the economy came back full flower at a time.

Of course, since we were at war, everything was made here. Detroit was particularly rich. They simply converted to making tanks. And everyone, of course, was involved in the war effort; and we came out whole.

One of the reasons we got this head start on the rest of the world is because we were left standing and we had this flourishing economy as a result of the war, and everybody else was taken down, and we were living in a real sense off of the greatest generation ever since.

Looking at just this provision of the bill, we are into the Roosevelt syndrome of spending too little to have a substantial impact until we come back when there is too few jobs; and then people say to us, oh, well, you know, there they go again, tax and spend, or whatever they say. They now want to spend some more.

Is there a problem developing here because we have not put enough funds to have an impact on an economy of this size and on a problem of this size or do you think this will begin to wake up the construction sector which in turn wakes up other sectors down the line?

Mr. FULLER. Well, we did learn a lot as we looked back in history during the Depression. And one of the lessons clearly was it was too little, too late. So one of the keys here is to, if you are going to go ahead with this kind of stimulus, it has to be soon, and it has to be large. The experience in Japan proved some of the same.

Construction has shown to be a very good source of disseminating economic influence throughout the broader economy. Again, it depends on getting projects going really quickly and picking those kinds of projects that are in economies that have the potential to benefit from the kind of spending and re-spending that is associated with construction projects. So, theoretically, the potential is here to have an enormous kick-start on the economy, but if it takes 4 years to get going, it is not going to do what needs to be done later this year.

Really, for this to be successful and achieve its potential, these projects, some of this money has to be generating jobs and being spent and being earned in calendar 2009 and with the largest impact probably coming in the first half of 2010. By that time, the economy should be started. But getting it started, if this is a jump-start kind of investment program, scale is important and picking those kinds of projects that are in economies that can utilize the stimulus. That takes good management and willpower.

Ms. NORTON. Thank you very much.

Before I go to the next two witnesses, I would like to go to the ranking member.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman. I want to thank you for you for your generosity, allowing me to jump in right now. I have a few questions, and I will try to make them relatively quickly about the legislation.

If I may start with you, Mr. Dorn, as I said before, the current language of the American Recovery Act, whatever the actual name is, provides $7.7 billion for Federal building funds for real property activities. Now $6 billion of this is designated for construction, repair and alteration of Federal buildings for projects that will, and I quote, ″Create the greatest impact on energy efficiency and conservation.″

My question then now is, from your reading of the language of the bill, would that requirement for energy efficiency and conservation supersede the ultimate goal, which is create jobs and to stimulate the economy?

Mr. DORN. We have not looked at what the effect of that would be.

Mr. DIAZ-BALART. All right.

Also related to what I said in the beginning, what existing mechanisms, if there are any, are in place to ensure that projects selected are appropriate and consistent with Federal priorities? In other words, what mechanisms would you recommend that should be created to ensure that there is consistency with Federal real property management priorities, if any?

Mr. DORN. There is an existing process now that GSA uses with the prospectus that you all mentioned before. You also mentioned, I believe, that is not part of this bill. Something similar may be helpful for the committee to keep track.

Mr. DIAZ-BALART. Great.

On the same vein, there are a number of projects that this committee has determined that are not appropriate and, therefore, their prospectus has not been approved. Is there anything, as far as you can tell, that would prevent these projects from proceeding under the proposed legislation?

Mr. DORN. Not from what I have read in the legislation.

Mr. DIAZ-BALART. The proposed bill explicitly allows GSA to initiate leasing and we know where you are and where GAO has cited that increasing reliance on leasing by the Federal Government is one reason why the Federal real property management remains in the high-risk list. Additionally increasing leasing means less income for the Federal building fund. And would you have any ideas of what we could propose to put into place, something that would ensure that this authority would not be overused and abused?

Mr. DORN. No, sir, we have not looked at that at this point. But we could get back to you.

Mr. DIAZ-BALART. Great, that would be great.

[Information follows:]

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As you noted, one of the reasons that federal real property management has been on GAO's high-risk list since January 2003 is the government's overreliance on costly long-term leasing. In fact, the General Services Administration (GSA), which acts as a leasing agent for most federal agencies, predicted that in 2008 it would for the first time lease more space than it owned (see GAO-08-197 for more information on GSA leasing). In that report, we recommended that the Office of Management and Budget develop a strategy to reduce agencies' reliance on leased space for long-term needs when ownership would be less costly. The strategy should, among other things, identify the conditions, if any, under which leasing is an acceptable alternative even if it is not the most cost-effective option. As proposed at the time of this hearing, the *American Recovery and Reinvestment Act of 2009* (ARRA), in addition to authorizing the Administrator of GSA to use up to $108 million to lease temporary space in connection with projects funded under the ARRP, it authorized the Administrator to initiate design, construction, repair, alterations, leasing and other projects through existing authorities. As passed, ARRA includes the use of up to $108 million to lease temporary space in connection with projects but has dropped the reference to leasing in terms what the Administrator is authorized to initiate. In addition, the Act requires GSA to submit a detailed plan, by project, regarding the use of the funds made available in the Act to the Committees on Appropriations of the House of Representative and the Senate within 45 days of enactment of the Act. It must also notify the Committees within 15 days prior to any changes regarding the use of these funds. This reporting requirement could be used as an oversight mechanism.

Again, same kind of vein, there are three guiding principles highlighted in the GAO's testimony regarding Federal buildings which are: create well-defined goals based on identified areas of national interest, incorporate performance accountability into funding decisions, and employ the best tools and approaches to emphasize return on investment.

What provisions in the proposed legislation would ensure that the principles are applied to the spending of these funds? Any idea?

Mr. DORN. There is nothing I read, and that is why we are concerned that the proper amount of accountability is given without delaying what you are trying do with the jobs issue.

Mr. DIAZ-BALART. Thank you, sir.

Ms. Bacon, congratulations, by the way. You are building green jobs in a moment that doesn't seem to be happening a lot. So congratulations.

In your written testimony, you talked about and noted there were a number of Federal projects that employed this technology, your technology. Is there any way you can provide examples of the number of jobs for each of those projects generated based on the size of the project?

Ms. BACON. Well, it is a little bit difficult, but take, for example, the Solar Energy Research Association has done some studies on this, and they talked about the direct jobs for, say, a 10-megawatt facility, and I talked about a 12 megawatt facility that we did over in Spain, which created jobs both here and in Spain, but we want to do it all here. Just the manufacturing jobs for that is like 140, installation jobs are another 3, and then there is ongoing O&M. But that is just what you are putting together on the roof.

Now we also have to, for example, in Battle Creek, we are building a building in a greenfield spot. So we are building our own building. So we have got construction people who are doing that. We are putting them to work.

We are also—our company manufactures some of the very high-tech equipment. We also buy from other U.S. companies with that. So when you get that amplification effect, including when you are looking at the supply chain, which most of our supply chain is also U.S. We had been buying some steel from Japan, but we are weaning off of that and getting U.S. sources. There is probably easily a multiplier of 10 with those numbers.

Looking at—with industry if we put, say, a $10 billion program together to put photovoltaic on all the roofs of Federal buildings, which we believe in the long run will save the Federal Government money. Keep in mind these last for 25 years. You have hardly any O&M because the sunshine comes. We are looking at creating between 350,000 and 500,000 sustainable jobs. It is not just something that just we are going to do.

The last point I would like to make when I talk sustainable, photovoltaic industry is growing dramatically, mostly overseas. We have less than 10 percent, even though Bell Labs introduced this and did the inventing with it. It is supposed to go from 2.8 gigawatts in 2007—we do not have all the 2008 numbers—to 2012, 16 gigawatts. So when you are thinking about jobs and creating jobs here, I think you want to think about not just shovel ready when we do that, which I am all for it, but how is it going to create other industries that we, the U.S., can help regain our leadership that we once had in this area. And I think the green collar jobs, the sustainable jobs, they are very important.

And we have a lot of experience, too, in being able to restrain workers. For example, in Greenville, Electrolux moved out. It was one of our other facilities that I mentioned. Everybody was unemployed. And I have to tell you it was one of the most emotional groundbreakings I have ever been to, because I have been to all of them. These unemployed workers came up and said, we know you could put this plant anywhere in the world, and you chose us, and we are not going to let you down. And they didn't. We retrained the workers, and this is very high-tech. So I think there are a lot of strengths that come into this that need to be considered.

Mr. DIAZ-BALART. Thank you; and thank you, Madam Chair.

Ms. NORTON. Thank you, Mr. Diaz-Balart.

Could I now ask Mr. Kagen of Wisconsin if he has questions for these witnesses?

Mr. KAGEN. Thank you, Madam Chairman. I have just a few questions.

I would like to congratulate Ms. Bacon on a successful business venture. Hopefully, it is successful.

And, Mr. Dorn, I share your concerns about accountability and transparency and making sure that somehow Congress can reach down into the expenditures and make sure that these investments were well targeted.

And, Ms. Juon, I just have to tell you, my roommate is your Congressman; and you are very fortunate to have such a hard-working fellow, Bruce Braley. He is very hard working, and we are very fortunate to have him in Congress.

I have a question really for Dr. Fuller. If we use your number of 28,500 jobs generated for $1 billion of investment, if the rest of this recovery act were as successful as that, if we invest in $850 billion by my pencil calculation we would generate 242 million jobs. So maybe you can explain what is going on.

Mr. FULLER. Well, different kinds of investments generate different levels of jobs. And the degree to which these jobs are generated by any kind of investment is influenced by how global the economy that is being affected is involved in the investment, in the improvement.

So construction has about—for every million dollars there is 28 and a half jobs. It is not just construction jobs. It is retail jobs. It is legal jobs. It is government jobs. It is all the jobs that benefit from the spending and respending and the cycling of those funds through the local, State, national economy. Some leaks out to some other countries. If you buy rebar from Korea, it goes there, too.

So if you look at all the different kinds of proposals, one could estimate how many jobs it would generate; and some don't generate any jobs, in effect, because there is a trade-off between if you pass out or send out checks and people save money as opposed to spending it, there is no job growth. If they spend it on retail and buy goods that are produced in China, it doesn't generate many local jobs and so forth. So it really does depend on what the money is being used for. Construction happens to have a very high multiplier, because so much of the construction activity has to be localized. The concrete and asphalt and a lot of the heavy equipment is still produced here.

Mr. KAGEN. Well, it isn't, oftentimes, the cost of the house when you buy it. It is the cost of maintaining that home. Isn't it also true in the industry of transportation, our roads, our bridges, our schools, that it may not be the downstroke of our initial investment but the cost of maintaining it? Have you calculated that or evaluated if we can continue to expend these funds to maintain what we are about to build?

Mr. FULLER. Well, sir, that is an excellent observation. In the work that I did for the National Association Office of Industrial Properties, we looked at construction as well as operations. And construction is done. It is over. The impacts are realized, and they are finished. That is really good to jump-start the economy. For many of these buildings and projects, not only did they need to be maintained, repaired, upgraded over time, so there is a continuing benefit that flows from that, but they also create a capacity to do work.

So if you build an office building, something is happening in an office building, and there is people working in it. If you build a water supply system, that water is, in fact, being used to produce value added in the economy. And so the construction effect is the one you see first.

The operating effect—and I think that is where picking these projects carefully so they support the long-range needs of the economy and make us competitive in not just next year but in 2020—is really critical. So there is lots of choices and the different kinds of impacts at different times.

Mr. KAGEN. Thank you for your answer. I really appreciate it. I had hoped that you would continue to pay attention.

In my framework of reference, I would like to see much of this investment in small business. Small business provides 50 percent of our GDP, over 90 percent of our employment opportunities, and the fastest way to grow our economy and expand the middle class is investments directed at small businesses. So if you are looking just to lay your solar cell capacity on top government buildings, we couldn't build them fast enough to keep you in business forever. But I think we have to aim—our target ought to be at small businesses as rapidly as possible.

Thank you for the time. Thank you for your effort.

Ms. BACON. Can I just make a comment to that?

I agree with you wholeheartedly; and a lot the electricians and installers and roofers, all of those people are small businesses. And most of what we do are not new buildings. They are retrofit buildings, like the 12 megawatt we showed there. We have done a number of different things in the U.S., too. But I take your point, and I agree.

Mr. KAGEN. Just to respond—I have to correct your language here. Two years ago when I came to Congress and Chairman Oberstar mentioned that word "retrofit", the energy building was solar. I said, excuse me, don't you mean "future fit"?

Ms. BACON. By the way, the energy building, do you know who manufactured those solar cells? What country they came from?

Mr. KAGEN. Let me guess.

Ms. BACON. Go ahead.

Mr. KAGEN. Germany.

Ms. BACON. China.

Mr. KAGEN. Well, it is like the blankets at the swearing in, China.

Ms. NORTON. Thank you, Mr. Kagen.

Why did they come from China, Ms. Bacon? Does that mean that you cannot produce the photovoltaic in this country at a rate that the Federal Government and others who would wish to install these believe is the most reasonable rate?

Ms. BACON. Frankly, I don't know why they came from China and how the procurement package was put together. I could probably do a little research on it.

There is one thing which is the photovoltaics, and then there is a balance of systems. Because this is DC power and you have to convert it into AC power. There is the installation and so on. They did supply the solar cells there, and I am not aware of anybody looking at a U.S. made with the DOE facility.

Now I know you said GSA has that, but I can certainly look at it a little bit further. But there are a lot of U.S. Government facilities that have products that are made offshore that we in the local industry, not just us, there are other people manufacturing here in the U.S., solar, I think can meet all of those needs at the same costs or better costs.

Ms. NORTON. Same costs? Remember, I expect that the cost of labor in China is a little lower than in this country.

Ms. BACON. It is, but our challenge is to be more productive and more competitive with it. And we sell on a competitive basis. Some photovoltaics turned out to be a commodity that you sell at the market price, whether you manufacture it in Germany or China or Japan or in the U.S.; and that is what we typically do.

Ms. NORTON. And, of course, as you testified, if the government were a big player in this history that this would reduce the cost right there.

Ms. BACON. Well, that's right. If we could make further reductions here, with high tech in low volume you get high cost. And I think the volume increase here could help reduce the cost and improve the production process technology and all of those things, which would be very beneficial to the U.S.

Ms. NORTON. We are going—particularly since we will be directly responsible for the Federal investment, we will be faced with, I think, a real challenge. I just finished signing a Buy America bipartisan letter addressed to the Speaker. You say and you talked about Buy America; and then you say, and we have very few companies.

Ms. BACON. Well, I say we have few companies. Most of the market right now, less than 10 percent is manufactured in the U.S. But there are a dozen companies that are manufacturing here: First Solar, Global Solar, Neo Solar, Nanosolar, EVP, Solar World, BP Solar, Evergreen, Schott Solar. So we are not the only ones. There are a number of people. And some of these are foreign companies. That is okay with me. We are creating U.S. jobs. That is cool.

Ms. NORTON. Some of those companies are international companies that are not——

Ms. BACON. That is correct. So, for example, British Petroleum, they have a capacity of 35 megawatts. They make much more offshore, but they manufacture here as well.

Ms. NORTON. So these European and other companies took our technology and ran with it. I don't blame them. But I am trying to see how in the world you got started in business as compared to how these foreign companies were apparently able to take the innovation and somehow start up and have companies that now locate here or sell here. How were you able to start a business like this at all?

Ms. BACON. Well, it is very interesting. And, actually, most of the solar photovoltaics now have different technologies. The work horse of the industry is crystalline photovoltaics, which was invented at Bell Labs, as we remember, 50, 60 years ago?

Mr. FULLER. Fifty-four.

Ms. BACON. Fifty-four years ago, and it is a crystallineprocess, and you grow crystals. It is a high-temperature process. You slice it. There is a lot of wastage. It works extraordinarily well, and it has worked well for 54 years.

What the industry has been looking for is thin film technology, nanotechnology. Literally, that is what we are using. You have heard nano in a lot of things. What we did is, instead of doing the crystalline, we developed a new technology which is very technical.

Ms. NORTON. You yourself developed.

Ms. BACON. Not me, not me. The founder of the company and other people. And literally when we talk about thin film we are talking about angstroms, one-fiftieth of a human hair. So there is a lot of interest of going to these thin films.

Ms. NORTON. Your company, obviously——

Ms. BACON. Yes.

Ms. NORTON. —were able to get into this market because you had an innovation that the European companies did not have.

Ms. BACON. That is correct.

And, in fairness, a lot of things were done also in partnership with the U.S. Government. We had contracts with the U.S. Department of Energy in a lot of different areas. But now we finally have a product where we are making money and expanding, and we would like to expand more.

Ms. NORTON. What percentage of your business has been with the U.S. Government in one form or fashion?

Ms. BACON. Well, it is small, you know, compared to what we are doing now. We don't manufacture hardly any products for the U.S. Government. I have got some examples in my handout.

Ms. NORTON. What do you do for the U.S. Government?

Ms. BACON. We do joint R&D. We are a part of the Solar America Initiative.

Ms. NORTON. So you do joint R&D.

Ms. BACON. That is correct, and that has been important for us in the future——

Ms. NORTON. Does that involve grants?

Ms. BACON. It is grants, and it is cost sharing, which is a good thing. We pay some of it, and they pay some of it, and we are creating technology. And we have a very strong proprietary position, over 100 different patents, which is important to us as well. But there is a lot of competition out there. So that is why I would like to see America First U.S. made. And if we can meet the needs, not just us but other people creating jobs, I would like to see a preference with that.

Ms. NORTON. You heard Dr. Fuller. Now, obviously, we have had Buy America for a very long time, and yet the example like the China example is typical, and we understand why.

I can try this theory on you. We are, as indicated in my opening remarks, attempting to do something different from what we did when we started down this road less than a year ago with a stimulus and then the bailout. This time, we are saying it out loud. We want to make jobs. We didn't say that for the bailout and certainly didn't mean that for the stimulus. We are saying jobs.

Now, on the Buy America notion that Ms. Bacon says and I am sure in prior testimony—I wasn't here for all of it—there was all kinds of talk about how this money has got to be spent in the United States of America this time because we are trying to make jobs here. Would it be economically justifiable, in light of the primary purpose of the bill to generate jobs, to, in fact, in this instance—I don't want to use the word "require"—in this instance expect that even if a product competitively could be brought somewhere in China or Saudi Arabia that the biggest bang for the buck would be for the purchases, subject to reasonable exceptions, to be made in the United States of America, even with some added cost?

Ms. BACON. I think it is an excellent idea. I think what you might want to put into this is that part of the solicitation would be job creation. Again, we don't care if the jobs are created by a foreign company if they are here, then we would have that benefit. And if you think about the economics of it, it would be far better to pay workers to help us install photovoltaics on roofs of Federal buildings, give them the dignity of a job, rather than paying them unemployment benefits. So if you look at the pros and cons——

Even in my Greenville example I talked about, these people were laid off, they were getting unemployment benefits, we retrained them and so on. So even if it costs a little bit more, if they are creating jobs and are not paying unemployment, there are some benefits here.

Ms. NORTON. But the Federal Government never, never operates in the near term to say, if you did this in the near term, whatever it is, you will save money.

This time, though, given the jobs' notion, I will go to Mr. Fuller.

There is no question in my mind that a lot of what it will take to implement this bill can somehow be purchased cheaper than in the United States. All you have to do is look at the cost of labor here. We are not trying to fund low-cost sweatshop jobs here. We made no claim to try to do that. We recognize construction jobs, for example, are high-paying jobs. Some of the other jobs will not pay as much.

But we will face the dilemma soon that the way in which the Federal Government, for as long as I have known anything about it, has been outsourcing the same way a private company does—hey, what is the lowest cost? We have acted almost exactly like it.

We have all but outsourced the United States of America in the last few years. Beyond that, the China example is anything but atypical based on the way the private sector operates.

All right, my question is, given the primary purpose of this bill to generate jobs, would it be justifiable to, in fact—again, I say with appropriate exceptions—expect, even expect that exercising a presumption in favor of buying in America will necessarily cost more? Now that will mean this is the way the argument goes—I don't have to tell an economist—maybe fewer jobs. Because you know the cheaper labor, which is the highest cost usually—in some instances, your material may be very high—the more you spend the funds. Would it be justifiable in light of fact that everybody kept saying this time the money has to go onshore, not offshore, to expect that we should spend more if that means buying in America?

Mr. FULLER. Well, if the objective is to create jobs, those multipliers will be higher if the target, the beneficiaries, the project selected to how these funds are used are directed towards work that is done in this country. Obviously, over the years, these multipliers have gone down and down and down as we have had more imported, as we import more of our goods and services. So reversing that trend and keeping more of this work here isn't necessarily more expensive if you look at what the repercussions are of having kept it here. There are these induced and secondary effects.

And, beyond that, we are preparing a workforce as we bring them and get them working on whatever projects they are working on. Clearly, they will become more skilled at what they do, and they can then build off of those skills and build their business space into the future.

So this jump-starts more than just the economy in the short term but really does prepare it to be competitive in the longer term. So I think initial—if there are higher costs initially, this can be offset by the gains in the long run in the economy in terms of creating the capacity—and the solar cells are really a good example—creating the capacity through scale of operation to be more competitive globally.

Ms. NORTON. That is very important testimony, because of the frustration we've experienced in having an economy that is geared so entirely to finding the lowest cost.

And, of course, if the money is spent—you can hear it now. If it turns out that X percent of these dollars went abroad, you would have the whole country rising up. So at the same time the government looks for the cheapest price, when people hear about it, they are outraged. So that is the dilemma.

Now, I don't know about the States. This is going to be right in our bailiwick. We won't be able to get out of it. We are going to have to make that decision. Not just monitor what they are doing, but if we mean for the money to be spent here, we are going to have to have some notion of how they make that decision when, inevitably, I say to you, they will find—notwithstanding Ms. Bacon—that you can get something cheaper somewhere else.

Ms. BACON. If some of the people in China have excess capacity because of that, then they'll cut the prices, too.

Ms. NORTON. Sure.

Ms. BACON. So you are right.

Ms. NORTON. We now know we brought the whole world down.

Ms. BACON. Yes, exactly, exactly. Your point is very well taken, and I think it is complicated in how it is addressed, but we would love to work with you on it.

Ms. NORTON. Ms. Juon, I am sure that anyone listening to this testimony hearing you say that these investments actually have only $250 million, very small investment that has been approved is for ″distressed″ communities, even given the leveraging that will take place, first thing everyone will say, oh, that means me, because every sector is down.

How do you decide on funding, projects, communities and the like?

Ms. JUON. What is unique about EDA and the planning district program is that we do it on an ongoing basis. We have a group of citizens that represent all sectors of the region, whether it be the private sector, the public sector, the elected official. And we, on an ongoing basis, identify projects and prioritize them and look at the impact of those projects. So this is where EDA is kind of uniquely prepared for this type of stimulus program, because we are ready not only with a myriad of projects but ones that we have already identified as having the priorities.

Ms. NORTON. What are the kinds of projects, for example, you think would be well suited?

Ms. JUON. A variety. In our area, as I mentioned, we invested money into buildings that John Deere, through a process of going to more competitive and more modern technology for their manufacturing, donated some buildings that they no longer needed to our economic——

Ms. NORTON. So the private sector—essentially, you are leveraging money.

Ms. JUON. Right, right.

Ms. NORTON. And the private sector is drawn by the leveraging. Is the leveraging so substantial, given this little bit of money?

Ms. JUON. It could be more substantial with more money, but, yes, it is, absolutely.

Ms. NORTON. Notwithstanding that, was this amount of money likely to encourage the magnet pull of the private sector? How much does it take for us to put up for them to say, my goodness, this must be worthy; the government must think we can all make money here. What percentage of money does the government have to put up to be credible to a private company?

Ms. JUON. The gap, whatever that gap is. Usually the gap that we saw in most cases is anywhere from 20 to 25 percent. It depends on the project certainly, but that seems to be that competitive break-even point where the business then can go ahead with the project. But it just depends on what that gap is for the businesses.

Ms. NORTON. Now you have a backlog of projects?

Ms. JUON. Yes, absolutely.

We have one project in our area that is disaster related. As you know, Parkersburg and all of the floods hit our area this summer. So we have several that are weather related and that would provide mitigation for future flooding.

But we also have examples such as Monsanto is wanting to move to one of our communities, and there is a funding gap there that we are kind of in the queue with EDA right now waiting for funding for that project to advance.

We are getting an RLF in our area as well, revolving loan fund, to help the small businesses that we are talking about that really need probably a lot of this assistance. It will go to the small businesses, and the RLF is an example of a funding source that can meet their needs as well.

Ms. NORTON. Now, you testified that the particular project must produce quality private-sector jobs. I would like to ask you, what is the average salary of these jobs?

Ms. JUON. It depends on what your—is in each county.

Ms. NORTON. I want to know what quality private-sector jobs means.

Ms. JUON. In our area, it is usually 25 to $30,000 for an entry level.

Ms. NORTON. And you are located where?

Ms. JUON. Waterloo, Iowa.

Ms. NORTON. And so it should match? Is that average in that particular town?

Ms. JUON. Average depending on the size of the family. But, yes, for a two-person household, $30,000 is an average wage rate.

Ms. NORTON. Mr. Dorn, we got all excited about putting a green roof on the Rayburn building; and then the GSA came back and said that could not be done because the building, I believe, would not hold a green roof. So we now are doing a study of green roofs, and we are looking at initially green roofs in the national capital region because there are so many Federal agencies here.

Now, again, that kind of wishful thinking came out of the notion that we own so many buildings. We see these green roofs. Do you have any information on the rate of return of green roofs or how that form of energy conservation is chosen versus some other form? Is it cheaper, for example, than photovoltaic? Is there any work that you know of that could inform the selection among various kinds of energy conservation approaches?

Mr. DORN. I think of green roofs in two different ways. One is the traditional style that you are talking about now, which involves another barrier on top of an existing roof and adding soil or some sort of mix where you can grow plants in. Whether or not it is desert plants, which do not require quite as much irrigation, or green plants like grass.

It is very project dependent. Particularly for retrofits, you may end up having huge structural changes that you need to do which makes sometimes the cost prohibitive. So it is going to vary by the project size and the climate.

The other type of green roof that I think of is solar.

Ms. NORTON. Is what? I am sorry.

Mr. DORN. Solar. Whether or not it is the old solar collectors that I've had back in Norfolk or if it is the new panels here. In fact, for our GAO building, we've identified a couple million dollar project for this type of solar panels on our roof. That is leg branch, but it is an example. We have a couple of acres of flat roof with no interruptions, perfect for this type of installation. It would pay back. So there are opportunities.

Ms. NORTON. Green roofs are cheap; and, therefore, people look at them first before they find out they really can't do a green roof.

Mr. DORN. Yeah, I am not sure that they are cheap, but there are a lot of advantages to green roofs, and one is reducing the amount of storm water runoff, which is also important to the committee and to the Chesapeake Bay locally.

Ms. NORTON. That is one of the reasons that we looking at it. It serves that very important function. We think the Federal Government is the most important contributor to that pollution.

Mr. DORN. Absolutely. There are insulating values. I don't mean to discredit green roofs at all, but the cost and the return will vary by the project.

Ms. NORTON. I would like to ask you, Mr. Dorn, you heard my frustration at seeing the deterioration of Federal inventory before our very eyes, and yet we are unable to do anything about it, partly because there is no capital budget.

What alternative financing mechanism, other than what we are doing now—we are using the revolving fund. You see what has happened to it with the circular destruction of the fund as more goes off into private leasing. Is there another way that we should be looking at to fund, repair an alteration of this extraordinary inventory?

Who testified—I think you did—that many of the Federal buildings were built 30 years ago? I can tell you this, as a child of the District of Columbia, although most of these buildings were up by the time I was born, I do know this, that if you look on the side of the building, almost every building on Constitution Avenue and Independence Avenue built during the 1930s, it was just a public works project. That is how they got up.

But look at those buildings. Those buildings are now historic. So they don't even have the alternative of moving and letting them collapse. Somehow or the other, the Justice Department, the IRS, all of the others are going to continue to be used, one way or the other.

The Smithsonian, which we fund 70 percent, is a very pitiful example. And, of course, some of the dollars here go to the Smithsonian. I don't see how they are able to keep the Smithsonian running, much less their repair. In fact, their backlog is so explosive that one would not even begin to try to deal with it. Therefore, you are inclined to look at, well, there must be another way. Have you given any thought to another way, rather than going at things the way we now go at them, even as we see the existing mechanisms fail because time has changed?

Mr. DORN. A couple of things. It is certainly what they call a target-rich environment as far as projects that need to be done. While I was waiting to be on this panel, I looked up and the light fixtures in this room are the old 8-foot-long T12 bulbs. You could replace the fixtures in this room and the ballasts and save 30 to 50 percent on energy use in this room.

We've identified utility energy savings contracts. That is where the Federal Government contracts with a utility to make energy improvements and pays the utility back over time.

Ms. NORTON. Is that being done anywhere by local governments?

Mr. DORN. I believe it is, but we can get back to you with examples.

Ms. NORTON. Would you?

Mr. DORN. Yes, ma'am.

[Information follows:]

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GAO has not done any work on local governments' use of utility energy services contracts (UESC), and our previous work on the federal government's use of performance contracting only touched on UESCs tangentially. (A list of our related work may be found below.) However, there are UESCs with local energy services companies. For example, according to a representative of Pepco Energy Services, the company has entered into a number of such contracts with federal agencies for energy improvements in the D.C. Metro area. Such contracts have ranged in value from $500,000 up to $60 million, with a 10-year simple payback period that can be financed for a longer period, usually no more than 15 years. UESCs under Pepco Energy Services typically are for $2 million to $3 million per project and last 6 to 10 years. Energy projects in these contracts often include improvements such as lighting upgrades and controls, water controls, and chiller replacement and controls. The $60 million UESC is with the National Institutes of Health (NIH) and is in the final 2 to 3 years of the contract. More information about this project and its potential savings may be found from the Department of Energy's Federal Energy Management Program's (FEMP) Website at the link listed below.

http://www1.eere.energy.gov/femp/financing/uescs_nih.html

The FEMP Website also lists additional background information about UESCs and other financing mechanisms available to federal agencies for energy improvements, as well as training opportunities available to learn more about such mechanisms (seen link below).

http://www1.eere.energy.gov/femp/news/events.html

For recent GAO work on alternative financing mechanisms, please see the following reports, all available from GAO's Website.

- *Federal Energy Management: Addressing Challenges through Better Plans and Clarifying the Greenhouse Gas Emission Measure Will Help Meet Long-term Goals for Buildings.* GAO-08-977. Washington, D.C.: September 30, 2008.
- *Energy Savings: Performance Contracts Offer Benefits, but Vigilance Is Needed to Protect Government Interests.* GAO-05-340. Washington, D.C.: June 22, 2005.
- *Capital Financing: Partnerships and Energy Savings Performance Contracts Raise Budgeting and Monitoring Concerns.* GAO-05-55. Washington, D.C.: December 16, 2004.

And, also, there is the energy savings performance contracts which Congress has reauthorized to continue until, I believe, 2016. Agencies have that ability to leverage private-sector money in addition to——

Ms. NORTON. The agencies can do what? Say that again.

Mr. DORN. They can use private-sector firms who are willing to come in and do energy savings contracts and then be paid back through the savings from energy. So that is an existing way that agencies now use to fund the smaller retrofit types of energy projects. In fact, in 2007, about half of the energy projects that the Federal Government did were done through these energy savings contracts versus up-front appropriations.

Ms. NORTON. Have they been effective?

Mr. DORN. That is one of the problems that I mentioned earlier in my testimony. Because of the lack of metering in some Federal installations and because they are relatively new to us, the lack of the skill set that are needed to manage this sort of long-term contract, to measure the payback has been lacking, but it is improving as part of the EISA 2007. They are requiring Federal energy managers at all of the major buildings now. So that should help in addition to the metering, help improve the monitoring of these jobs.

Ms. NORTON. You heard me say I would be interested in anybody's view on this, that while it is certainly not contemplated, because nothing is ever contemplated in Federal legislation except the same old, same old, that we will do something almost akin to what Ms. Juon does, to say in deciding how this little bit of money and that is what it is, some preference in the formula will be given to, let's say, buildings in an area which roughly—because you will have many who come in with the same needs. Then you are really into eenie, meanie, miney, moe. You can say to the extent you attract some private-sector funding you improve your chances of getting this funding. Do you think that that is a reasonable idea?

Mr. DORN. I think that using private-sector funding in addition to the Federal funds will help the Federal money go further and get more projects going at the same time, particularly with energy projects. Every day you wait, you are either spending too much money or you are losing the opportunity to create energy, whether or not it's solar or hydro or whatever it might be. I do think using the private-sector money and the public-sector money together will get you the most bang for your buck.

Ms. BACON. May I comment on that?

Ms. NORTON. Certainly so.

Ms. BACON. Talking about ideas, another thought that you might have is that utilities could partner with the government. And what we have seen in Europe, part of the reason that we are all selling—we, as an industry—so much in Europe and other places is they have very robust incentives. Sometimes the utilities are very much involved with it.

But if you think through with the Federal buildings, in order to get the immediate job creation you want, that probably should be direct procurement. Because it is just going to take too long to work out all of these mechanisms with it. But as you think further about it——

Ms. NORTON. Well, I am not talking about waiting.

Ms. BACON. I understand, but the next phase could be that the utility actually owns the solar array that is on your roof. And I am old enough that the utility used to own my telephone. That is how old I am. But they could own it. They are used to doing that. They could put it in the rate base. There is an RPS, renewable portfolio standard, that the Obama administration is considering that the utilities are going to have to use renewable energy. So there could be some combination of having the Federal buildings and using the free roof space, as opposed to these big solar farms that you have to worry about transmission distribution. The utility could own the systems, and it could sell the power back in a long-term power purchase contract with the government, which could have then some predictability about power prices.

Because who knows what the power is going to be. I have got a funny story about our old President who came to see us, George Bush. He was asking about the costs as well.

I said, "What do you think the prices are going to be of electricity in 5 years, 10 years, 15 years?" We warranty these things for 25 years. He gave me one of those blank stares. I said, "Maybe these folks know."

Karl Rove and Hubbard, his economic adviser, were there, and he said, "Ah, they do not know anything."

It is true. What do we think the price of power is going to be? So the government could have a hedge on increasing the price of power. We could meet the RPS. The utility could put the system up and own it, and I think it is something that would be worth pursuing. In the longer term, that might be the way to go to populate photovoltaics and solar throughout the country because I think everybody would feel more comfortable in buying their power from a utility with P.V. on their own roofs.

Ms. NORTON. Why haven't the utilities already——

Ms. BACON. What was that?

Ms. NORTON. You say these are going to be mandated. Why don't you see this happening with utilities now?

Ms. BACON. Well, we have an RPS in some places now. I do not think Obama's plan is in yet. I think he is talking 25 percent by 2020 or something like that.

Ms. NORTON. I see.

Ms. BACON. But some of the States have RPSs in, but it is just something to think about. You were asking for other ideas that really might, in the longer term, solve the problems and get the private sector involved.

Ms. NORTON. Well, particularly if you are guaranteed this large government sector would be buying from you, perhaps, in Michigan and elsewhere.

Ms. BACON. Exactly.

Mr. DORN. That is one of the things we are doing, Madam Chair, with the EISA 2007 that you all passed. You are requiring the Federal agencies to increase their purchases of renewable energy by, I believe it is, 2 to 3 percent a year.

Ms. NORTON. So it all could come together. Yet, of course, there is the notion that, even before this, the private sector was wanting to invest its capital, its own capital, its own risk capital. It is very discouraging to see. Now, of course, they do not have any capital.

So I am not sure whether utilities would do this. Although, the utilities, obviously more than almost anything else, ought to be able to get loans to do what they have to do because they have guarantees.

Ms. BACON. Yes, I think they can, and we are going to get out of this capital mess. It is going to take some time, but utilities are also notoriously slow, but I think, you know, a 12-month to 18-month thought about getting them involved this way could be very interesting to see how we could put that and American made and your budget constraints all together somehow.

Ms. NORTON. Just a couple more questions.

Ms. Juon, you have a revolving loan fund?

Ms. JUON. We are just getting one, yes.

Ms. NORTON. You are just getting the revolving loan fund?

Ms. JUON. We just applied for one as part of the disaster relief through EDA. So we are just getting revolving loan funds for our six counties, but certainly there are ones——

Ms. NORTON. Are they used generally by similarly situated counties across the United States?

Ms. JUON. Yes. We have 17 councils of government in the State of Iowa. So we deal with them on an ongoing basis. They are all economic development districts, and the majority of them have revolving loan funds, and so I am visiting with them as we are looking to set up our own.

Ms. NORTON. Have they produced and paid back the money?

Ms. JUON. They are one of the most effective uses of Federal economic funds that we have found in the United States because of their payback, because of the job creation, because of the sustainability of the businesses that have been working with those RLFs. In fact, I think the GAO did an assessment of EDA and their funding, and it was one of the most successful of any funding at the Federal level for job creation.

Ms. NORTON. I am a big fan of these revolving funds, and am crying in my soup about what has happened to the way we repair Federal buildings with a revolving fund.

Finally, I have to ask you, Ms. Bacon, something that I still do not quite understand. You have made me understand that essentially you came forward with a product that allowed you to move forward in this market. I looked at this very colorful and interesting circle about where your product is used. So in the first place you were into innovation that separated you from Europe and China and the rest of them who are your competitors. You are from Michigan?

Ms. BACON. Right.

Ms. NORTON. So the first thing I want to know is how you got to be in Michigan. Particularly when you look at this handout, you do see that you have your photovoltaic in a few places like New Jersey, but your largest contract is in Spain. That is interesting. They were, obviously, attracted by this new product. Imagine buying American by the leadership there in Europe. But the others are places like Riverside, California; Hawaii; Arizona; Long Beach—places, it occurs to me, which have a lot of sun relative to Michigan or, for that matter, relative to even the District of Columbia and to the East Coast. Although, obviously, you know, yesterday was a nice, sunny day. I am not sure what that would have done for us because I was cold as I could possibly be out there.

Indeed, there have been problems with wind, for example, because of other kinds of infrastructure that is needed. I am trying to understand whether these new forms of energy really work. If they work only, for example, in a part of the country where it is warm, that is great because at least they are working, but wind, it seems to me, has to be in some place where at least there is some wind. Solar has to be in a place where at least there is some sun. Then you have got to store the stuff, I suppose, if you want to use it the way advanced societies always use it.

Are these new forms of energy—these are direct forms of energy—capable of serving in all parts of the country? Do you have any in Michigan?

Ms. BACON. Yes, we do, and they are capable of producing power anywhere. Germany has less sunlight than Michigan does, and it is the biggest market in the world because they put very robust incentives in in Germany. What we do—and I may not——

Ms. NORTON. Excuse me. Incentives to——

Ms. BACON. Incentives. What they have in Germany—and it is being adopted in many places in Europe—is what they call a feed-in tariff. This is what we also did in Spain. That facility, that 12-megawatt facility, is on a roof of a General Motors building. General Motors gets rent for letting them use the roof, and then the power from the photovoltaic array, this 12-megawatt array, is sold to the utility at very attractive prices like 60 cents a kilowatt hour. In Germany it is sometimes even more than that. France has adopted it. Italy has adopted it, and so has South Korea.

What they have done is—the countries are making an investment in being able to buy the power at initially high prices with the view that all of the fossil fuel prices are going up and that solar is coming down. They are more effective, of course—photovoltaics—in sunny places because you get more sunlight, and that is the reason it is done in places like California and in other places, but we can put solar anywhere and it will work. It is just a matter of how much electricity you get out of the array and depending on the sunshine.

Ms. NORTON. So you would have a combination of photovoltaic and regular energy just like my hybrid?

Ms. BACON. Yes, exactly. That was a very good question you asked.

What we typically do is—these are grid-tied systems. So what happens is we size it for a facility. Another example of a General Motors facility is in California, in Rancho Cucamonga. It produces power during the day that they use for their own use. Then what happens is, during the night, they buy power from the utility because, in the evening, the utility typically has excess power, and peak power is when the sun shines, so the economics depend on how much sunshine you have. It depends on the competition of what the power utility is charging.

You look at a place in Hawaii, and that is also in the handout. There are 6 megawatts we have provided for military housing in Hawaii. That is cost effective because in Hawaii their prices are like 30 cents a kilowatt hour, so that is cost effective without any kind of incentives.

If you look at a place like Michigan, we pay about 11 cents a kilowatt hour from the utility. With not much sunlight and without incentives it is not going to be a big market.

California could be. Of course, we have the ITC that has just been passed and extended, which is the Investment Tax Credit for solar, which helps as well, but it is a nice match because the sun shines during the peak power needs.

The other point I want to make is, if we think longer term, also it can be cost effective in places where they charge time-of-day pricing. Typically, when the peak comes, when industry is working, which is, you know, during the day, they have to bring on dirty peakers, which sometimes are generated with diesel and so on. In some places, they just blend that rate. In other places, like San Diego, when they need to put on the peakers, they are paying more money for the conventional power, and they will charge more money for price per kilowatt hour during the peak time. Maybe it will be 23 cents a kilowatt hour, whereas at night they may charge 5 cents a kilowatt hour.

So they are trying to blend this in to have the price of power to be somehow correlated to the cost of producing that power. If we did that in this country, throughout the country, we could avoid building a lot of power stations because I think lots of people would be doing things in the evening instead of during the peak power, whether they are using their washing machines or using their dishwashers or putting lights on or whatever. It is another way that they could save energy.

Ms. NORTON. There is no storage of this energy?

Ms. BACON. There can be. There are a lot of off-grid applications where there is storage, and then you use either lead acid batteries or sometimes advanced nickel metal hydride batteries, which is another product our company invented. But the most cost-effective way, if there is a grid and you get electricity is just to use the electricity grid, and you as a homeowner or you as a business do not know if you are getting power from the sun, because even during the day, if you are needing more power——

Ms. NORTON. The climate knows.

Ms. BACON. What was that?

Ms. NORTON. The air knows.

Ms. BACON. Yes, the air knows.

If you need more power than the solar array is producing—say it is a cloudy day or something—then the utility will bring in the power, and all those interfaces have been very well worked out by industry and by the utilities.

Ms. NORTON. Finally, I indicated this bill is all about jobs. Mr. Fuller, you testified also on behalf of the Associated General Contractors. Others of you may have an opinion on this final question.

The jobs that everyone likes to talk about and that are often talked about in terms of the people who are less skilled than the people who do typical work, like sheet metal or electrical work, are the building trades. I know Ms. Bacon said in one of these projects that she did some retraining. People were very grateful.

I need to understand who will be doing these jobs and whether special training is necessary given the priorities that everybody from the leadership of the Congress to the leadership of this committee put on jobs and jobs not only for the people who are best able to do construction jobs but for others as well. So you say, okay, we will go to green jobs, and nobody gets beneath that word.

Would a typical contract for energy conservation be able to use skilled and not-as-skilled labor? How would that occur? I can tell you what will happen if you are building a bridge. I can tell you what will happen if you are building a building, but I am not sure I have any idea if what you are doing is weatherizing or greening some building in some form or fashion.

Mr. FULLER. Well, first, given the circumstances of the growing unemployment that has focused most heavily on the construction sector over the last several years, with 900,000 fewer contract jobs today than a year ago, there is a reservoir of trained workers that can be brought in. That is where investment and infrastructure in these circumstances has a potentially large payoff because there are workers who can be put to work. There are major construction projects that are wrapping up all over the country. The States and the localities at this point are unable to start new projects because they are running out of money. They cannot get financing or their budgets are not balanced and so forth. So there are workers who are going to go off line who can be put to work.

Ms. NORTON. Say that again. Workers who are going to go off line?

Mr. FULLER. Well, the Wilson Bridge is finished. Where did those workers go? There are no new bridges for them to build. Some of them have retired. Others are doing different kinds of jobs. We know that there is a surplus of construction workers, and they range from very low skills—people who happen to be quite mobile, who work on golf courses and who do landscaping when they cannot do construction work. There is a lot of substitution in here—to very high-skilled workers. These are machine/equipment operators. There will be workers who decide to work past the age of 50 or 55 because now they have another job they can work on. Many of these workers can do a full range of things—an electrical worker on an office building or on a power plant or one who wires a building for solar cells or solar panels. They can adapt pretty quickly if there is work. Construction workers tend to be very adaptable. They are different than an assembly line worker in an auto plant who knows how to do a more narrow range of skills.

I think there are training opportunities here, too. The construction industry, historically, has had apprenticeship programs and has brought younger people in, and it looks for people who can do work that other people do not want to do. I think there can be some requirements about who gets some of these jobs because there is such a surplus of semi-skilled and skilled workers out there who were in the construction sector in 2005 and 2006 who have lost their jobs since then.

Ms. NORTON. Yes. I am just trying to anticipate, as I heard from the women at this meeting I spoke of, about the jobs and about where they go.

I think the unemployment rate in the construction trades is almost unfathomable it is so large, and there is no question in my mind that it will drink up these jobs because there are so many unemployed, and that is interesting because there has been a labor shortage in many trades.

At the same time, Congress over promises, and the Congress represents all kinds of districts, including many districts where workers are not particularly well skilled. Again, we keep hearing, well, there are the green jobs. We know that small business jobs will be some of those jobs, but I am anticipating some real feedback when this money gets out on the street about who gets the jobs.

Now, some of us have been working to make sure that some of this money goes into pre-apprentice and apprentice programs, and I cannot stress enough what will happen in a district like mine, and I will just say it right out here, because we have a disproportionate number of Federal sites, but you will see the same thing. Whatever the source of the funds for bridges, highways and the like, you will see the lowest income groups, which are always the hardest hit.

For example, just to give you the one I know in this district, one thing we have never been able to conquer is the black unemployment rate in particular, which is always twice. It already is. So whatever the six point or seven point that we have been using, already we see the doubling in these communities.

Well, the women already see initially that this is a sector they have not been in. Construction had a terrible reputation until recent decades because they were father/son jobs. It was overtly discriminatory. You know, everybody took them to court, and a program was set up until it was abolished in the 1980s—labor and management cooperating with some Federal funding for training and for the placement of workers.

Well, think about how many decades now—two or three decades—there has been no such training. That is why in some sections of this bill we have incorporated some for training, but I still anticipate in a climate like this that people would begin to count heads, to look at unemployment rates, to look at where they are going down.

I mean I just am warning everybody up front. That is what is going to happen. We have tried to at least anticipate it here because the labor movement has been the most open movement for African Americans and for other minority workers. We do not believe that those trades, those building trades, are anything like what they were before the Civil Rights Act was passed. In fact, I know they are not. The building trades have been recruiting with a labor shortage literally until very recently. At least the unions have been training ex-offenders in pre-apprentice programs because the people who used to want these jobs, the sons, do not even want them anymore. They are in high-tech or are wherever young people go these days.

Instead of having the kind of clash we had in the 1960s and 1970s where minorities and women then were not even considered for construction jobs and where it was basically minorities versus whites and where it was an overtly discriminatory industry—that was racial clash—what we are left with are decades where we are not going to have that this time because disproportionately minorities have not been trained in the building trades, and that has to do with the elimination of these programs in the 1980s.

I am very cautious about this and about what, if anything, that can be done about it. I think the apprenticeship programs are very important and the pre-apprenticeship programs. I think that the women, for example, at the meeting that I attended seemed visibly relieved that there was going to be apprentice training possible through these bills.

At the last hearing, we asked what it would take to tool up. This was another day-long hearing that we had. We had the construction trades in, and they said that, as to these green jobs, this stuff was transferable, and they did not anticipate any problems.

I just want to put everybody on notice because in a part of the sector that my subcommittee works we have the closest relationship with the construction trades. These are some of my best friends in the labor movement, and they have been extraordinary and extraordinarily open, but I see what could happen, and I think the only hope for avoiding recrimination is that people are very alert to this possibility. When you put this much money out into the sector and it all comes from the government—and I had to even explain to women why we were funding these male-dominated jobs, and these were very well-educated women—you cannot imagine what people who are in the unemployed sector and who are in the sector that we do not even count in the unemployment rate are going to think when their organization is saying, ″What about us?″

So everybody is on notice that that is how this is almost surely going to play out, and I hope all will do whatever they can to avoid that kind of clash. We do not need a clash between the hordes—that is the only word for it—of skilled construction workers on the one hand and the surplus having nothing to do or very little to do with the sector of untrained people who would be among those available for those jobs if several decades ago we had continued to do what we should have done.

We just have to use this occasion to help them get a foothold in the construction trades and to make everybody understand this is an opportunity to do that and that training and immediate jobs are not in conflict because, as I have sometimes said, when I have had unions in the room, my hat is off to them because they went to school, as it were, longer than I did to become a lawyer in order to learn their trades. These are very difficult trades, and they have been more difficult as high-tech has come into it and as more education has been necessary.

Your testimony has been particularly valuable to this subcommittee, and I listened to part of the testimony when I was in my office for other parts of this bill. It was the chairman's, I think, wisdom to understand it, even though we had to work directly with the Appropriations Committee to get this money out, and that we should not forego the normal authorizing committee process even though the numbers are out. There is still a lot of room for decision-making here, and we on this subcommittee perhaps have the greatest and the most authority to make and to ratify decisions of any of the other subcommittees. I can tell you, to the best of our ability, we intend to use it. We could not have used it nearly as well without the extraordinary testimony that you have been good enough to give us this evening. Thank you again for the testimony and for bearing with us so long.

The hearing is adjourned for the day.

Ms. BACON. Thank you as well. I think I can speak for everybody that you can count on us. If you have any other questions, we would love to work with you. Thank you.

Ms. NORTON. Thank you very much.

[Whereupon, at 6:40 p.m., the Committee was adjourned.]

Statement of
the Honorable John Boozman
Hearing on
"Infrastructure Investment: Ensuring an Effective Economic Recovery Program"
10:00 a.m., January 21, 2009

- We have not just an economic crisis in this country, but another crisis due to the deterioration of our water resources and water infrastructure.

- Old pipes are not being replaced fast enough and new capacity for water supply and for treating wastewater is not keeping up with the growing needs.

- Funding is one issue that we have discussed at length, but we must also look ahead to finding ways to manage our water resources in a smarter more sustainable manner.

- What are the new ways of conserving and treating water that we should be taking advantage of? How can the federal government stimulate the development of the next great technology advancement in water treatment?

- These are questions that this Committee and also the Science Committee need to begin to focus on in the future.

- To provide clean water, our nation already has invested over $250 billion in wastewater infrastructure. But this infrastructure is now aging, and our population is continuing to grow, increasing the burden on our existing infrastructure.

- If communities do not repair, replace, and upgrade their infrastructure, we could lose the environmental, health, and economic benefits of this investment. The Environmental Protection Agency, the Congressional Budget Office, and others have estimated the need for capital investment in our nation's wastewater infrastructure to be in the order of $300-

400 billion over the next 20 years-- some $15-20 billion annually.

- The Marine Transportation System includes over 361 public and private deepwater and waterway ports.

- MARAD estimates that the 51 largest US ports have cumulative capital improvement needs of approximately $35 billion over the next 10 years.

- The US Army Corps of Engineers maintains more than 12,000 miles of navigable waterways in the United States. They not only serve commercial navigation, but also provide flood protection, water supply, hydropower, and other purposes.

- Almost 55% of the locks and dams operated by the Corps are more than 50 years old. The average age of a Corps lock is 56 years old.

- Seven of the 257 locks were built in the 1800's and are still operational today. Two locks on the Kentucky River still in operation were constructed in 1839, before many States entered the Union.

- To maintain navigable waterways, each year approximately 400 million cubic yards of material are dredged from harbors, enough material to build a four-lane highway between New York Los Angeles.

- The Army Corps of Engineers recently evaluated channel availability for navigation projects with over 10 million tons of commercial cargo, 59 projects in all. The Corps determined the percent of the year these projects had authorized depth over half the channel width over the project length. In FY05 channel availability for these projects was 38%. In FY06 it dropped to 35%.

- Channel availability affects ships loading and achieving maximum economic benefits. Funding is not keeping pace with the costs of dredging waterways. Fuel prices have more than doubled and dredging is very fuel intensive.

- However, I remain concerned about this stimulus proposal.

- According to the Congressional Budget Office, only about 7 percent of $355 billion in discretionary spending included in an $825 billion economic stimulus package would be injected into the economy by the end of FY09. The report said that $26 billion would be spent in FY09, $110 billion in FY10 and $103 billion in FY11.

- The report further stated that only 25 percent of infrastructure dollars can be spent in the first year, making the one year total less than $7 billion for infrastructure.

- I look forward to the testimony of the witnesses but I remain concerned regarding the lack of attention being paid to infrastructure investment.

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Hearing on
Infrastructure Investment: Ensuring an Effective Economic Recovery Package
Thursday, January 22, 2009
2167 Rayburn House Office Building

Chairman Oberstar and Ranking Member Mica, thank you for holding this hearing on the American Recovery and Reinvestment plan being considered by Congress, which will combat unemployment and foster continued economic growth through infrastructure investment.

Over the last year we have 2.6 million jobs have been lost and the unemployment rate has hit its highest peak in fifteen years at 7.2 percent. It is evident that it is time for us to act to rebuild our economy and put Americans back to work. Economists across the political spectrum agree that we must take bold action quickly, or we will see the current situation continue to worsen.

The construction industry has been hardest hit with almost 1.5 million jobs lost in the last year and the unemployment rate in construction in 15.3 percent. The unemployment rate among construction workers far exceeds that of any other sector. At the same time as we have seen skyrocketing unemployment in the construction sector we have also seen a corresponding decline in construction because States are suffering lower tax revenue and financing for projects has become too expensive or unavailable at any cost as banks restrict lending.

Although, like Chairman Oberstar I would have liked to have seen greater funding for infrastructure included in the American Recovery and Reinvestment plan being considered by the Congress, I do think it is a step in the right direction to not only address the unemployment rate in the construction industry but also address our crumbling infrastructure simultaneously.

In closing, I want to thank our witnesses for joining us today to share their prospective on what can be done to get on the road to recovery by investing in infrastructure.

OPENING STATEMENT OF REP. STEVE COHEN

House Transportation and Infrastructure Committee Hearing

"Infrastructure Investment: Ensuring an Effective Economic Recovery Program"

January 22, 2009

I am pleased to be here today to receive testimony from the Honorable Jim Doyle, the Governor of the state of Wisconsin and other state transportation officials as we examine how infrastructure investment contributes to job creation and economic recovery. Several studies have highlighted the fact that adequate investment in our transportation and other public infrastructure is critical to spurring economic growth in our communities.

A recent report from the National Surface Transportation Policy and Revenue Study Commission identifies a significant surface transportation investment gap and calls for an annual investment level of between $225 and $340 billion by all levels of government and the private sector – over the next 50 years to upgrade all modes of surface transportation to a state of good repair. This is considerably short of the current total annual surface transportation capital investment of $85 billion.

Furthermore, State Departments of Transportation (DoT) have a tremendous backlog of highway projects that could be implemented quickly if additional funds were made available. A survey of state DoT identified 5,280 ready-to-go highway and bridge projects at a total cost of $66 billion. The Tennessee Department of Transportation has identified 246 ready-to-go projects, totaling nearly $1,698,000,000.

Particularly troubling is that this investment shortfall occurs during a time when the national unemployment rate has skyrocketed. According to the Bureau of Labor

Statistics ("BLS"), as of December 2008, there are 11.1 million unemployed persons in the U.S., for all sectors of the economy combined. BLS reports that as of December 2008, there are 1,438,000 unemployed construction workers in the nation and the unemployment rate in construction is 15.3 percent, the highest unemployment rate of any industrial sector. It is consequently important that we work to ensure sufficient funding for infrastructural investment is included in the American Recovery and Reinvestment Act of 2009.

STATEMENT OF
THE HONORABLE JERRY F. COSTELLO
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON THE ECONOMIC RECOVERY LEGISLATION
JANUARY 22, 2009

- Thank you, Chairman Oberstar for holding this hearing. I am pleased to be here today as we examine the economic recovery legislation.

- The United States has an extensive system of highways, ports, locks and dams, and airports. Yet, we have neglected our infrastructure over the years and as a result, it needs major improvements and modernization. According to the Department of Transportation's Conditions and Performance Report, 57.8 percent of travel occurs on roads with less than "good" ride quality; 13.1 percent of highway bridges are structurally deficient; and 13.6 percent of highway bridges are functionally obsolete; and over one half of all urban rail transit stations are substandard.

- These statistics, coupled with our failing economy and a skyrocketing national unemployment rate – which is particularly high in the construction industry, reaching 9.9 percent in September 2008 - demonstrate that we must make the necessary investments in our transportation and other public infrastructure. It is critical to our nation's economic growth, our competitiveness, and the quality of life in our communities. That is why I have consistently said that any economic stimulus legislation we consider must contain an infrastructure component because of the job creation perspectives.

- According to the Transportation for Tomorrow report, a significant surface transportation investment gap exists that can only be filled by an annual investment level of between $225 billion and $340 billion by all levels of government and the private sector. If we look at our current capital investment from all sources in all modes of transportation, it is $85 billion, well below the recommended level.

- I am Chairman of the Aviation Subcommittee and we continue to struggle with congestion and delays and modernizing our air traffic control system. According to the FAA's Operational Evolution Plan (OEP), new runways and runway extensions provide the most significant capacity increases. The FAA's 2009-2013 National Plan of Integrated Airport Systems (NPIAS) states that during the next five years, there will be $49.7 billion of AIP-eligible infrastructure development, an increase of 21 percent compared to the last NPIAS. And, the FAA and other airport groups have stated that the current NPIAS report may understate the true cost of needed capital investment.

- As you can see, aviation infrastructure is much-needed and that is why in last session's FAA Reauthorization bill that passed the House of Representatives, we authorization AIP for $15.8 billion over four years, a significant increase over previous spending, and also increased the Passenger Facility Charge (PFC). Further, I am supportive of the $3 billion for aviation and $65 billion overall for transportation programs that could create or sustain more than 126,000 jobs. However, I do believe, overall, more money should be spent on rebuilding our infrastructure.

- Another area of great concern for me is to ensure that language be included in the economic recovery legislation to guarantee accountability and transparency in the distribution of funds to states.

- We cannot simply provide funding to states to spend on whatever projects and priorities they deem important. We have seen firsthand the problems with providing large sums of money with no accountability.

- First, the financial bailout, which lacked sufficient controls and accountability measures, proved to be problematic for both legislatures and taxpayers. The Government Accountability Office has even testified in December 2008 that more should be done to manage and monitor the program with internal controls.

- Second, in the state of Illinois, Governor Rod Blagojevich was indicted by the U.S. Attorney's office on possible "pay to play" politics. Many of my colleagues in the state and I are concerned about providing well over $800 million in federal highway funding to the state to distribute as it sees fit without any assurance that it will do so in a fair, effective and efficient manner.

- As such, I strongly believe we should require each state to submit a list of projects to the U.S. Department of Transportation or appropriate federal agency certifying that its projects meet the goals and objectives of the economic recovery legislation before receiving any federal funds.

- I have worked with Chairman Oberstar on this issue over the last few months and we have made progress on developing and implementing policies and guidance that are strong enough to protect taxpayers' interests and ensure that the program's objectives are being met.

- By investing in our infrastructure, we accomplish many very important goals – we can reduce congestion and delays in our skies, on our roads, in our ports and on our waterways which is costing us excessive amounts of money, we increase safety and improve efficiency, we put people to work and we strengthen our economy. Continued investment in our infrastructure through an economic stimulus, the highway reauthorization bill, the FAA reauthorization bill and other legislation ensures we make the necessary improvements to our entire transportation system and that the US economy remains strong.

- With that, I welcome our witnesses and look forward to a further discussion on infrastructure investment.

STATEMENT OF THE HONORABLE JOHN J.

DUNCAN, JR.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

HEARING ON

Infrastructure Investment: Ensuring an Effective Economic Recovery Package

January 22, 2009

Thank you Mr. Chairman for holding this important hearing.

There is no doubt that the U.S. economy is in recession. The unemployment rate has risen to 7.2 percent, the highest it has been in 15 years. In the construction industry the unemployment rate is 15.3 percent - the highest unemployment rate of any industrial sector.

There are some Members of Congress who think that investing in infrastructure will do little to stimulate the economy and create jobs - but I disagree. When we passed the first economic stimulus package last Spring I said that the economy would be better off if we invested in our infrastructure rather than providing everyone with checks to buy big-screen televisions that are made in China.

State DOTs around the country have identified more than 5,000 highway and bridge projects totaling more than $66 billion dollars that can be under contract in less than 180 days. In my homestate of Tennessee 246 projects totaling more than $1.69 billion have been identified as "ready-to-go" projects.

Strategically targeted investment in the most beneficial "ready-to-go" transportation infrastructure projects will increase employment, rebuild our crumbling transportation system, and help lead us out of this economic slump.

Thank you again Mr. Chairman and I look forward to hearing from today's witnesses.

Statement of
Ranking Member John L. Mica
Committee on Transportation & Infrastructure

Hearing On
Infrastructure Investment and Economic Recovery
January 22, 2008

Good morning. I would like to welcome all of our Members and witnesses to our hearing on Infrastructure investment and the Stimulus package.

I would like to begin by commending Chairman Oberstar for his diligent efforts in promoting our nation's infrastructure needs as a priority in the stimulus package, although I am disappointed that it appears the input of this Committee has been somewhat set aside by the House Leadership responsible for assembling the bill.

Within this Committee we can find common ground on our critical infrastructure needs and the positive economic impact of infrastructure spending. Unfortunately, that is not reflected in the package reported yesterday.

In the Stimulus package marked up by the Appropriations Committee, only 3% of the total package is allocated to highways and only approximately 13% of the spending in the package is directed towards the comprehensive needs offered up by Chairman Oberstar within the jurisdiction of this Committee, while the Chairman's proposal was reduced by more than $20 billion in order to make room for other Democrat Leadership priorities. The circumventing of regular order removed our opportunity to be heard in this process.

Infrastructure investment creates jobs and stimulates our economy. The highest unemployment rate for an industrial sector is in the construction market, where employment continues to fall. Although there will be plenty of objectionable add-ons to this stimulus bill to debate on the House Floor, I support funding our infrastructure needs to create jobs in the short term and to promote economic growth through efficient movement of goods, services, and people in the long term. I hope that this Committee is given the opportunity to work together in the future towards this common goal.

Thank you, and I yield back the balance of my time.

Harry E. Mitchell

Statement of Representative Harry Mitchell
House Transportation and Infrastructure Committee
"Infrastructure Investment: Ensuring an Effective Economic Recovery Program"
January 22, 2009

--Thank you, Mr. Chairman.

--Before I begin, I just want to say how honored I am to serve once again on this critically important committee. Under your leadership, this committee accomplished great things last Congress, and I know we will accomplish even more during the 111th.

--As a former Mayor, I am especially aware of the way in which the right kind of infrastructure investment can stimulate the economy and create jobs.

--Take, for example, the Phoenix area's new light rail system, which just opened last month. As of Spring 2007, more than a year before it opened, it had already encouraged $3.5 billion in development, including 8.25 million square feet of commercial space and more than 6000 residential units.

--Or, consider Phoenix-Mesa Gateway Airport. While still in its infancy, it has already established an impressive track record of job creation and economic growth. According to a recent study by Arizona State University, Gateway is now supporting more 4500 jobs in its service area and having an economic impact of nearly $500 million.

--The economic potential of further Gateway expansion is enormous. It has multiple, critically important improvement projects that are ready to bid within 30 to 60 days.

--If we are looking for ways to create jobs and stimulate economic growth, it seems to me this is precisely the kind of thing we should be considering.

--Thank you again, Mr. Chairman, for your leadership and for holding this hearing today.

--I look forward to hearing from our witnesses.

--I yield back.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON "INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY"
JANUARY 22, 2009

For more than a year now, the Committee on Transportation and Infrastructure has worked to ensure that infrastructure investment programs play a key role in our nation's economic recovery. Today's hearing is but the latest step along what has turned out to be a long road to recovery. On October 29, 2008, the Committee held a hearing on these issues with 19 witnesses testifying and an additional 60 witnesses submitting statements for the record. However, given that some Members were unable to attend that hearing and the Committee has new Members, I have scheduled this hearing to continue the open process under which we have examined economic recovery proposals.

Yesterday, the House Appropriations Committee marked up H.R. ___, the "American Recovery and Reinvestment Act of 2009". Although Chairman Obey consulted with me extensively on the provisions related to Transportation and Infrastructure Committee programs, the legislation does not include everything I had proposed, in terms of either funding levels or provisions to ensure the timely and transparent use of funds. Therefore, there are still areas within the legislation that I hope can be improved before floor consideration next week.

In December 2008, I proposed to House Leadership that the economic recovery and jobs creation legislation include at least $85 billion for infrastructure investment, including $30 billion for highways and bridges; $12 billion for transit; $5 billion for rail; $5 billion for aviation; $14 billion for environmental infrastructure; $7 billion for the U.S. Army Corps of Engineers; and $10 billion for Federal buildings.

In contrast, the Recovery and Reinvestment Act marked up by the Appropriations Committee yesterday includes approximately $63.5 billion for programs within the jurisdiction of this Committee, including $30 billion for highways and bridges; $9 billion for transit; $1.1 billion for rail; $3 billion for aviation; $6.9 billion for environmental infrastructure; $4.5 billion for the Corps of Engineers; and $7.7 billion for Federal buildings.

Regarding the timely and transparent use of funds, I proposed an aggressive timetable for the use of funds, including a **90-day, use-it-or-lose-it requirement** for a percentage of the funds. This is intended to produce a "quick hit" that will jump-start our economy and create a substantial number of new construction jobs by June.

On December 18th, I had a lengthy conference call with 14 State Secretaries of Transportation and Chief Executive Officers of public transit agencies. I outlined for them my proposal to ensure transparency and accountability in the use of the economic recovery funds, including the 90-day, use-it-or-lose-it requirement for a percentage of the funds.

Specifically, I proposed to the participants on the conference call that 50 percent of the economic recovery funds must be obligated, with contracts awarded, within 90 days of when the U.S. Department of Transportation allocates the funds via formula to the State or transit agency. If the State or transit agency does not use its funds, the funds will be redistributed to other States and transit agencies.

Every one of the participants on the conference call enthusiastically affirmed that they are ready to go within 90 days to meet the use-it-or-lose-it requirement.

According to an AASHTO survey of State DOTs, there are $66 billion in ready-to-go highway and bridge projects. According to APTA, there are $15.9 billion in ready-to-go transit projects. These are good projects, and they are "shovel-ready".

Despite the ready-to-go project lists, and the assurances I have received from State and local transportation officials, some here in Washington are skeptical that a 90-day deadline can be met. This skepticism is why the use-it-or-lose-it deadline was weakened in yesterday's Appropriations Committee mark-up to, I believe, a simple 180-day deadline, with no penalty for failure to meet the deadline.

I realize 90 days is a tight deadline. However, this is a national emergency, and business as usual is not good enough anymore. If the purpose of this legislation is to be achieved, then we must set tight deadlines, and hold everyone accountable to them, both the Federal agencies and the State and local grant recipients.

I am certain that Federal agencies, under President Obama's leadership, will make the distribution of economic recovery grant funds one of their highest priorities. We will not be operating business as usual.

The Federal Highway Administration ("FHWA") and the Federal Transit Administration are already taking steps to ensure the highway and transit economic recovery funds are spent quickly.

FHWA staff has been preparing for passage of economic recovery legislation since late last fall. In November 2008, FHWA officials requested information from all FHWA Division Administrators regarding "ready-to-go" projects and encouraged the Administrators to work with state officials to initiate the development of project lists and to ensure compliance with all necessary federal requirements. In December

2008 and January 2009, FHWA repeatedly issued "questions and answers" on economic recovery issues and held videoconferences and teleconferences with Division Administrators and AASHTO to work through specific economic recovery issues and concerns that have arisen during this process. The objective was to make certain that all projects identified were "ready-to-go" shortly after enactment of a stimulus package.

FHWA encouraged States in November 2008 to determine whether their Statewide Transportation Improvement Program ("STIP") or Transportation Improvement Program ("TIP") needed to be amended in preparation for an economic recovery package, and if so, to start the process immediately. If States began the process last fall, they will have completed the process of amending their STIP or TIP. Even a State that is just starting the process now could complete it by the time economic recovery funds are likely to be distributed to the States in mid-February.

Another concern that has been raised with the STIP process is the requirement that plans be "financially constrained". All projects receiving federal funds must have funding sources identified, available, and committed. To address this concern, FHWA has been informing States that for necessary STIP amendments, States should assume that they would receive double their FY 2008 apportionment for FY 2009.

The FY 2008 obligation ceiling for federal-aid highways was $41.2 billion. This amended process allows States to complete the STIP process prior to enactment of the economic recovery bill.

Additional concerns have been raised regarding the minimum time periods necessary for the advertising and bids submission process as a potential delay in awarding contracts involving economic recovery funds. Generally, FHWA regulations require authorization of projects by the Division Administrator prior to advertisement and that bids remain sealed for a minimum of 21-days after advertisement, approved plans and specifications are made available. Division Administrators do have the authority to allow for shorter timeframes in certain circumstances. With respect to recovery funds, FHWA has notified States that they can begin the process of advance advertising. Given that States cannot be reimbursed until projects are approved by FHWA, the cost of such advertisements would be "at risk", and would be contingent on the receipt of stimulus funds and final project approval.

In addition, FHWA has recommended that Division Administrators work with States to shorten the bid process from 21 days to 14 days, as appropriate. Although FHWA is working to shorten the timeframe for advertising and bid process, some States, pursuant to state law, mandate longer advertising and bid processes. In these circumstances, States are considering changing or waiving the state requirement for the economic recovery funds.

If we do not create the proper incentives for the use of the economic recovery funds, we should not be surprised when we learn that the funds did not have the intended effect.

I look forward to hearing the testimony of today's witnesses and discussing how we can ensure that the economic recovery funds do have the intended effect -- of creating good, family-wage jobs as quickly as possible, while also improving our deteriorating infrastructure and laying the foundation for our future economic growth.

FOR THE RECORD

Opening Statement for Congressman Pete Olson

1/22/2009

Thank you Mr. Chairman. Over the past year our country has been in the grip of a deepening financial crisis. Several major companies have turned to the Federal government to be bailed out of bad business practices and hundreds of thousands of people have lost their jobs. It is essential for Congress to find ways to get people back to work without leaving our children with crippling debt.

It's frustrating to me that my colleagues on the other side of the aisle managed to come up with a stimulus package whose price tag is almost as much as the annual discretionary budget for the federal government, yet would not stimulate the economy for years, if at all. The press reports that a Congressional Budget Office analysis of the $355 billion to be used for transportation and infrastructure projects estimates that only $136 billion would be injected into the economy by October 1, 2010. And only $4 billion of the $30 billion allocated for highway spending will be spent in the next two years. I certainly hope that my colleagues don't anticipate the economy still needing a stimulus two years from now.

This analysis is troubling because our country needs thoughtful, decisive action in order to help Americans get back into the workforce and stabilize our economy. Before we spend close to a trillion dollars, we should take time to reflect on whether Government or private industry will be the true driver of job creation.

Thank you again, Mr. Chairman, and I look forward to hearing from the witnesses.

Remarks of US Rep. Nick Rahall
Hearing on, "Infrastructure Investment: Ensuring an Effective Economic Recovery Package
Full Committee on Transportation and Infrastructure
2167 Rayburn House Office Building
January 22, 2009

Mr. Chairman,

First, let me start by thanking you for calling today's important hearing. As you all know, our economy is struggling and in serious need of a jump-start.

Our distinguished Chairman has done an admirable job, both in the past and in currently working with our new President and our Leadership to illustrate the crucial relationship between increased infrastructure investments and the overall stability of our economy.

I also would like to thank all of the witnesses who have taken time out of their busy schedules to be here with us today.

Your presence illustrates your commitment to giving our economy the boost it badly needs, and I want each of you to understand how much each Member of this great Committee appreciates all your hard work.

As Congress debates the timing, the merits, and the substance of an economic recovery package containing much more than infrastructure investment, we on this Committee remain committed to investing in our transportation infrastructure.

As things stand today, our past collective failure to make transportation investments a higher priority has made it difficult to provide the levels of funding sufficient to maintain our transportation system, let alone expand it.

Meanwhile, our roads, bridges, rails, and highways are being driven to the brink.

There is a silver-lining to this, however. Because funding for many infrastructure projects has been scarce, there are literally thousands of different projects that are ready to go and that will benefit from an economic recovery package.

We understand that infrastructure investment will not only create thousands of needed short-term jobs, but will set the stage for many prosperous years to come.

Everyone in this room has heard the following statistic ten times over, but I think it bears repeating: for every $1 billion of federal highway investment, almost 35,000 jobs are created.

While I would like to see an even greater infrastructure investment in this economic recovery package, even the amount we are working with now we stand to create more than one million new jobs as a result of this effort.

These would be good jobs. Good jobs for hard-working Americans. Hard-working Americans so desperately want to get back to work, to be able to provide for their families, to feel the sense of accomplishment that comes with a hard days work.

My friends and colleagues in this room, we have the opportunity to provide these jobs, to invest in our infrastructure, and to help our economy recover from the mess that it is currently in.

However, we also must not let the passage of a recovery package that could potentially create more than one million infrastructure-related jobs allow us to forget that we, on this Committee, have a crucial and serious task ahead of us.

We must build upon this debate as we create a new way forward in creating the next generation of transportation policy and investment when we reauthorize the highway bill.

Mr. Chairman, thank you again for holding this hearing and for allowing me the opportunity to address the Committee.

Testimony of
Nancy Bacon
Senior Advisor,
United Solar Ovonic
& Energy Conversion Devices

To

U.S. House Committee on Transportation and Infrastructure on
Infrastructure Investment: Ensuring an Effective Economic Recovery Package

January 22, 2009

Nancy Bacon
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2956 Waterview Drive
Auburn Hills, Michigan 48309

Phone: (248) 495-2454

Chairman Oberstar, Ranking Member Mica, and distinguished members of the Committee and staff, thank you for the opportunity to testify today. As a native of Duluth, Minnesota, it is a particular honor to be able to work with you, Mr. Chairman. I am a Board Member of the Solar Energy Industries Association (SEIA), and a Senior Advisor for Energy Conversion Devices ("ECD"), a publicly traded manufacturer of thin-film solar laminates based in Rochester Hills, Michigan - near Detroit.

ECD's largest business unit is its wholly owned subsidiary, United Solar Ovonic. United Solar is a global leader in manufacturing thin-film solar photovoltaic (PV) laminates that convert sunlight into clean, renewable electricity under the *UNI-SOLAR* brand name.

Because of their unique properties (flexibility, durability, light weight), *UNI-SOLAR* laminates are ideal for rooftop and other building-integrated applications. While we sell material for many applications, most of our solar laminates are installed on rooftops. In fact, our products were used to build the world's largest rooftop solar photovoltaic installation: a 12 Megawatt solar array on the roof of an automobile production plant in Zaragoza, Spain. *UNI-SOLAR* also powers some of the largest installations here in the United States, including a 2 Megawatt installation on the roof of a supermarket distribution center in Southern California.

To make our *UNI-SOLAR* laminates, we employ more than 2,000 people, with most of those employed in Michigan. We operate two manufacturing facilities in Auburn Hills, Michigan, two manufacturing facilities in Greenville, Michigan and are currently constructing a fifth in Battle Creek, Michigan. Our global research and development efforts are also headquartered in Troy, Michigan. Since 2006, we have increased our Michigan employee base four-fold to approximately 1200 employees, and within the next three years, we expect to add up to 350 additional positions at our Battle Creek facility. In fact, according to the Energy Information Administration (EIA), Michigan is the second largest producer of solar cells and modules among all 50 states[1], primarily because of us.

We applaud the Committee's proposal to rebuild America, and share its vision to create "green collar" jobs by investing in projects that decrease our dependence on foreign oil and address global climate change. In particular, we believe the provisions to install photovoltaic systems on the roofs of Federal buildings will generate thousands of jobs, reduce the costs of solar systems and help advance solar photovoltaic technology and processes to make domestically manufactured solar systems accessible and affordable across the country.

Distributed Generation from Solar Photovoltaics

I would like to highlight the benefits of using solar photovoltaic technology to implement a national Distributed Generation program. Stated simply, Distributed Generation is when electricity is generated at the point of use. The benefits of Distributed Generation are numerous, and the Federal Government can harness these benefits by purchasing and installing thousands of rooftop solar systems on government facilities, businesses and homes across the country. A large-scale rooftop solar Distributed Generation program will help our nation become more energy efficient, less dependent on foreign fuels, reduce the emissions of CO_2 thereby improving our environment, and create hundreds of thousands of new "green jobs" here at home.

As the Committee already knows, the conventional approach to domestic power generation and delivery is to concentrate electricity generation at a power plant – typically burning coal or natural gas, or harnessing nuclear energy. These plants are generally located in isolated areas away from densely populated areas, which means that the power must be transmitted over great distances to population centers where it is consumed. This additional infrastructure, known generally as our electrical grid, is antiquated, inefficient, and entirely inadequate to support our growing national demand for energy. One study estimated that 6-8% of the electricity generated in power plants is lost through today's transmission and distribution system.[2]

Many renewable power plants are also located far from population centers. Many utility-scale solar plants are located in sparsely populated desert regions, where land is cheap. Wind farms are obviously built in windy areas, or even offshore. These large-scale solar and wind fields also take up vast acreage. In other words, much of the renewable energy generated today is actually piped right back into the same electrical grid, and subject to the same inefficiencies, limitations and delivery costs.

Distributed Generation solves the infrastructure problem because the power is produced at the point of consumption and solar photovoltaic technology is the cleanest and best suited means of democratizing power production. For most buildings, the roof has no other purpose than to cover what lies beneath it. Solar material is infinitely scalable and has the advantage of producing most of its power when electricity from the grid is in highest demand and most expensive, saving solar energy users money.

Commercial property owners are already harnessing the benefits of solar PV for Distributed Generation. In fact, commercial property owners purchased roughly half of all domestic solar cell and module shipments in 2007.[3] Commercial property owners understand the value of real estate, and were early supporters of rooftop solar installations since they could maximize the financial return of existing buildings while also saving money on their electricity bills.

Benefits of Using Solar for Distributed Generation

- Is available immediately. Traditional power plants take years, even decades, to secure approval, design and construct. Solar rooftop installations can be designed and installed in a matter of months, or even less for smaller systems. And the solar industry in the United States already has enough production capacity to meet existing domestic demand, as well as any new government procurement programs. Additional production capacity from ECD and other manufacturers will come online soon. For example, our company is committed to tripling our annual production capacity in the next four years to one Gigawatt. We are also in a position to accelerate our expansion plans if the government adopts a robust procurement plan for solar rooftop installations.

- Creates new "green" jobs across the country. Production and installation of solar energy systems creates more high-quality jobs than investment in any other energy technology.[4] According to SEIA, ten megawatts of PV capacity (enough to power 1,500 homes) creates as many as 140 manufacturing jobs, 100 installation jobs, and 3 ongoing O&M jobs. These jobs will re-employ workers in hard-hit industries. A federal program to install solar power on millions of rooftops would create hundreds of thousands of new jobs in the design, production and installation of solar PV systems. Distributed power is produced locally, so the design and installation jobs are created here in the USA. This job creation will immediately stimulate the economy, and will create sustainable "green collar" jobs for the industries of the twenty-first century and establish the United States as a leader in this sector. That is why it is important for you to insist on U.S. manufacturing for all federal PV solutions. With a requirement of U.S. manufacturing for federal procurement of solar systems, high-quality jobs can be retained and created not only for PV manufacturers like our company, ECD, but also for electricians, installers, other balance of systems manufacturers as well as for constructing manufacturing facilities and building PV manufacturing equipment.

- Reduces CO_2 emissions. Solar energy is clean, renewable, and free. The more electricity we generate from solar power, the less we need to burn fossil fuels like coal, oil or natural gas. Solar power is acknowledged as one of the leading technologies to quickly begin carbon mitigation. According to SEIA, one megawatt of PV will displace 1,200 tons of CO_2 from traditional electricity generation each year it is in service, and modern solar PV systems typically last 20-25 years.

- Optimizes land utilization. Densely populated areas face the challenge of needing more power generation, while also facing high land values. Rooftop solar arrays do not use land that may have higher and better uses, but instead take advantage of unused space to produce power right where it is most needed.

- Reduces strain on antiquated electrical grid. The average output period of a solar system over the course of a normal day matches the average U.S. daily demand cycle. Therefore, distributed solar power can help relieve the strain on the existing electricity grid when demand is highest.

- Saves capital by avoiding infrastructure construction. As this Committee well knows, the existing transmission and distribution system for our nation's electrical grid is at the breaking point. Distributed Generation reduces the need for additional transmission lines, since the power is consumed at the point of production. Additionally, any leftover power can be sold back into the local community. And since rooftop solar generation takes advantage of otherwise unused space, there is no wasted land.

- Provides strategic backup in case of grid interruption. One of the benefits of Distributed Generation is to have a source of back-up power in case of outages. Solar systems have a limitless fuel source (the sun), which means they can extend the uptime of any facility that loses its supply of grid electricity.

- Improved Air Quality. Because rooftop PV systems produce the most power when demand is highest, they reduce the need to turn on additional electric power plants, which are usually the dirty peaker plants that acerbate air pollution on hot summer days.

- No Water Consumption. Distributed solar systems do not require any fresh water for electricity generation, an especially important issue where solar resources are greatest, the American Southwest.

What the Federal Government Should Do

The Federal Government is the country's largest single consumer of electricity, spending at estimated $5.8 Billion annually. Therefore, in addition to having the regulatory authority to make the U.S. solar industry the envy of the world, the Federal Government also has the unique opportunity to lead by example. Federal support of rooftop solar photovoltaics will significantly advance the nation's commitment to renewable energy, and can be executed rapidly enough to have a significant positive near-term impact on our struggling economy. Below are the suggested priorities that we believe the government should enact as part of the Economic Recovery Program.

- Install rooftop solar systems on Federal buildings. The U.S. General Services Administration (GSA) owns and manages 8,600 buildings in 2,200 communities across the country.[5] The Departments of Energy and Defense have already taken the initiative by installing solar systems on rooftops. And as Chairman Oberstar has indicated in his proposal, the GSA already has a plan to renovate its headquarters at 1800 F Street that includes the installation of a rooftop solar photovoltaic system. By enhancing and expanding the government's commitment to rooftop solar into a robust, multi-year procurement program, the government can dramatically advance the entire U.S. solar photovoltaic industry. The results of this kind of national procurement program would include significant job creation, reduced manufacturing costs for solar systems through economies of scale, and the development of a vibrant installation industry in areas of the country where it does not yet thrive, as well as the national economic and strategic goal of reduced reliance on foreign fuels.

- Integrate the government effort. Regardless of where the money is put in the budget, the nation needs to take advantage of the needs and enthusiasm of the Department of Defense (DOD) to increase solar power use. The DOD owns more buildings than the rest of the government. Many are large buildings. Imagine every military aircraft hangar in the Sunbelt covered with solar systems. DOD has an aggressive energy program for its installations and is very interested in photovoltaic power production. However, the DOD effort needs to be coordinated with other government efforts. DOD facilities would be a great place to start. They could produce power, as well as allow utility companies to benefit from free or low-cost roof space in exchange for long-term power purchase agreements giving DOD predictable power bills. This would make these precious facilities even more valuable and treasured by their communities. Instead of individual projects, a large-scale integrated effort with DOD facilities could quickly transform the whole industry.

- Encourage the use of domestically manufactured components. In addition to creating new jobs in the design and installation of systems, the government should support a "Made in the USA" plan to encourage solar cell and module component manufacturers to build new factories here and hire U.S. workers. With a robust PV government procurement program that includes a "Made in the USA" requirement we and others in the industry will accelerate our plans to meet the increasing demand for solar PV products. Continued development of solar PV technology in the U.S. will make our industry the world leader.

- Provide additional incentives for rooftop and building-integrated solar installations. France, Italy and Spain are trying to encourage *rooftop* solar installations today. They have created enormous interest in rooftop solar by offering higher incentives for rooftop and building-integrated installations over ground-mount installations. These countries understand that rooftop systems do not require land, nor do they suffer from transmission and distribution losses. Adopting similar incentive programs would multiply the effectiveness of the solar Investment Tax Credit (ITC) that took effect at the beginning of the year.

- Encourage flexible rules. More forward looking analysis is needed to optimize both the best technology and the best use of rooftops. Rules on contracting, land use, and entering into long-term power purchase agreements need overhauling to generate the needed flexibility, and financial returns, to motivate power companies and government facilities into cooperative action. The evolving market needs more flexible rules. Payback periods, for example, will be better when conventional power prices rise and PV system costs continue to decline.

- Provide funding for states and local governments. All levels of government should be encouraged to install solar photovoltaic systems on the rooftops of their buildings. Offices, schools, universities, courthouses, and hospitals are excellent sites for clean, made in the USA, rooftop solar PV systems.

We applaud this Committee for its commitment to lead the green revolution, and to ensure that the Economic Recovery Program is effective. I hope my testimony today has been helpful, and I would be happy to answer any questions you may have. I look forward to continuing to work with the Committee and its staff on to ensure that the U.S. is once again a world leader in solar photovoltaics, while also reviving our economy and putting our fellow Americans back to work.

Thank you.

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[1] Energy Information Administration: *Shipments of Photovoltaic Cell and Modules by Origin, 2006 and 2007*; http://www.eia.doe.gov/cneaf/solar.renewables/page/solarreport/table3_5.html

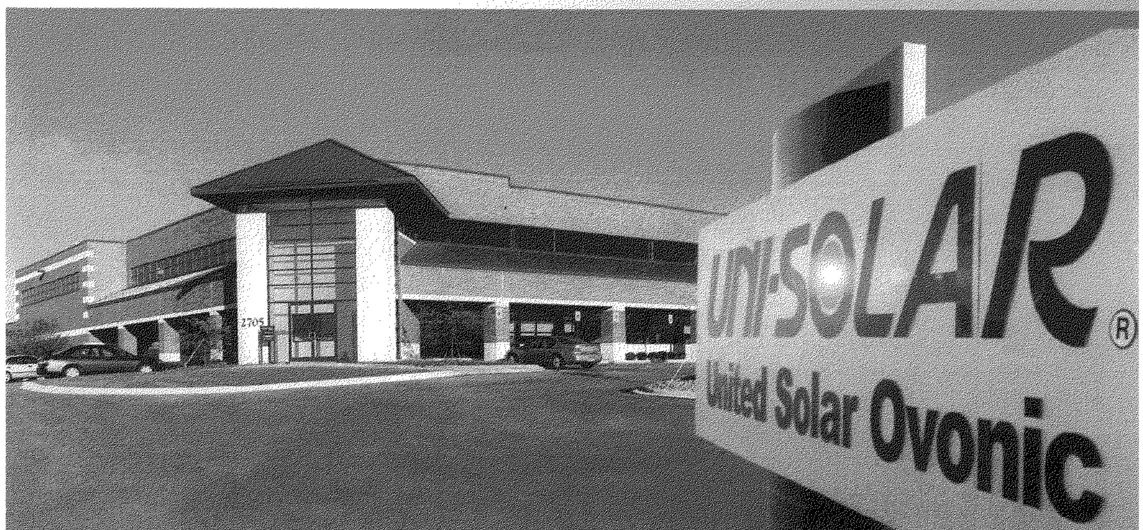
[2] ABB Inc.: *Energy Efficiency in the Power Grid*, 2007; http://www04.abb.com/global/seitp/seitp202.nsf/c71c66c1f02e6575c125711f004660e6/64cee3203250d1b7c12572c8003b2b48/$FILE/Energy%20efficiency%20in%20the%20power%20grid.pdf

[3] Energy Information Administration: *Domestic Shipments of Photovoltaic Cells and Modules by Market Sector, End Use and Type, 2006 and 2007*; http://www.eia.doe.gov/cneaf/solar.renewables/page/solarreport/table3_7.html

[4] Apollo Alliance and Urban Habitat, "Community Jobs in the Green Economy," 2007

[5] General Services Administration, Properties Overview; http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_OVERVIEW&contentId=8513

UNI-SOLAR®
By Energy Conversion Devices



Nancy Bacon, Senior Advisor
Energy Conversion Devices, Inc.
& United Solar Ovonic
January 22, 2009

A Global Company, based in Michigan

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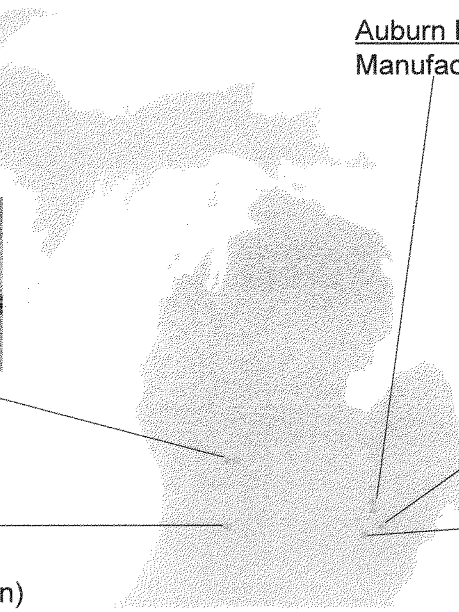


Auburn Hills I & II
Manufacturing

Corporate Headquarters
Energy Conversion Devices, Inc.
Rochester Hills, Michigan

Greenville I & II
Manufacturing

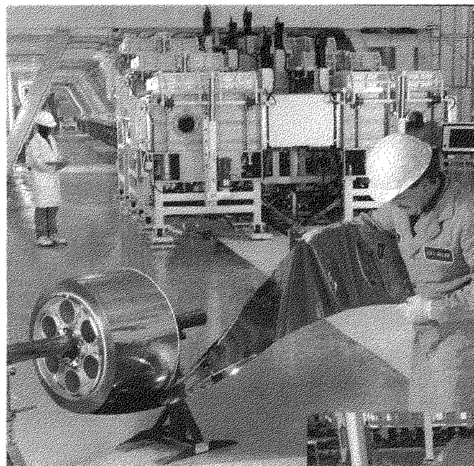
Battle Creek
Manufacturing
(Under Construction)

Troy, Michigan
Global Research & Development

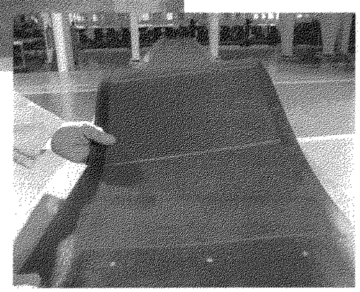
Since 2006, United Solar has increased its Michigan employee base four-fold to approximately 1200

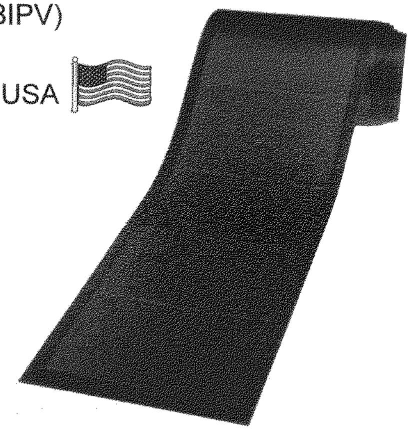
UNI-SOLAR® Thin-Film PV

UNI-SOLAR.



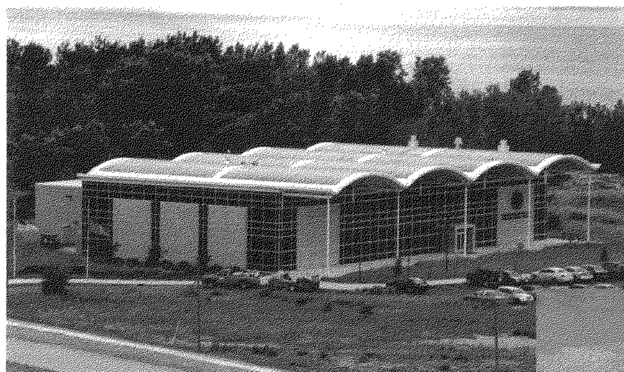
- Lightweight: >1 lb / ft^2
- Durable: Works if punctured, withstands Category 5 hurricanes
- Flexible: Maximum structural and architectural capabilities
- Ideal for rooftop & building integrated (BIPV) applications
- Made in the USA





Michigan Alternative and Renewable Energy Center
Muskegon, Michigan

UNI-SOLAR.



Thin, flexible *UNI-SOLAR* laminates can be installed on any rooftop

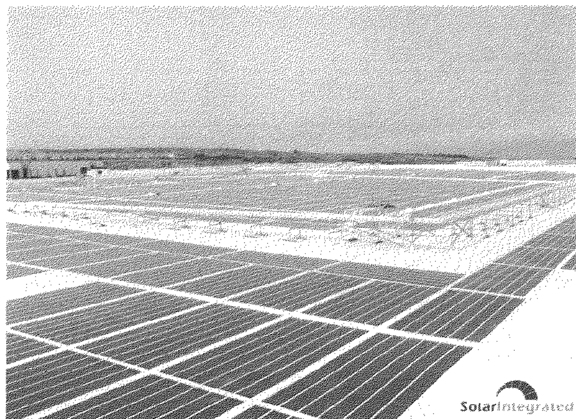
The World's Largest Rooftop Solar Installation
~2 million square feet of *UNI-SOLAR* laminates

UNI-SOLAR.

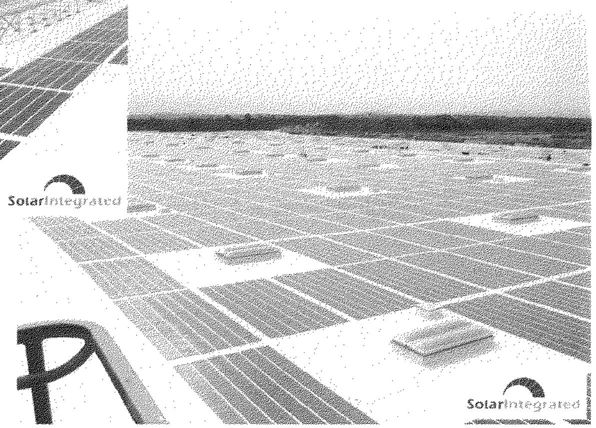
12 megawatt installation using 85,000 lightweight *UNI-SOLAR* laminates
General Motors plant - Zaragoza, Spain

2 Megawatt Installation on Distribution Center Riverside, California

UNI-SOLAR.



UNI-SOLAR laminates enable Building-Integrated Photovoltaics (BIPV), in which solar PV technology is contained within the roofing material



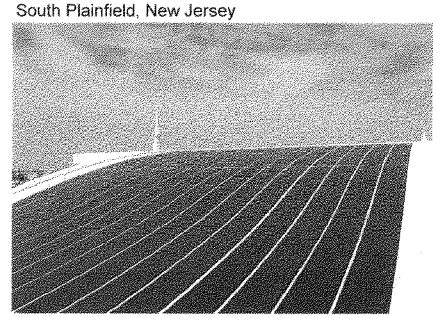
East Coast Solar PV

UNI-SOLAR.

East Coast Warehouse
Elizabeth, New Jersey

Halls Warehouse Corp.
South Plainfield, New Jersey

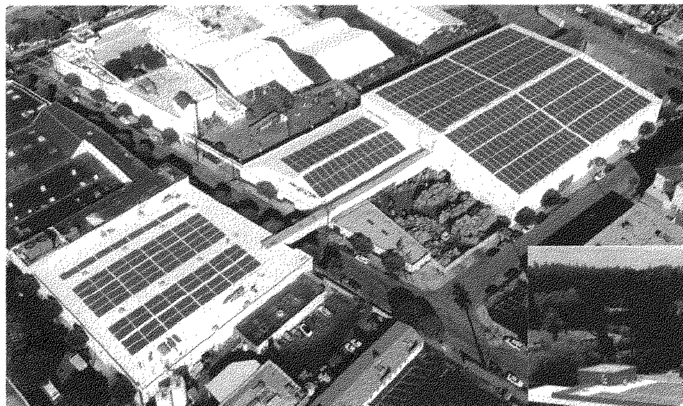
Jet Aviation
Teterboro, New Jersey



Residential
Avalon, New Jersey

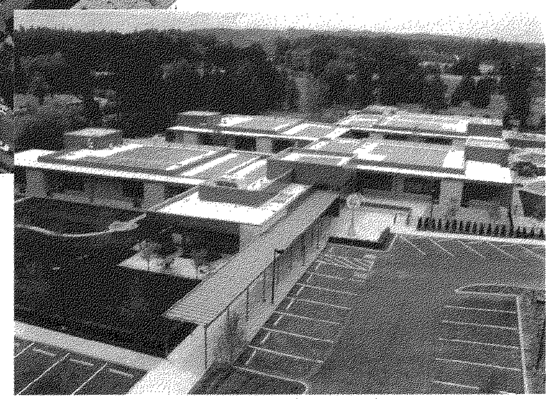
West Coast Solar PV

UNI-SOLAR.



Coca-Cola Plant,
Los Angeles, California

Rooftop solar installations are infinitely scalable for use on any sized building

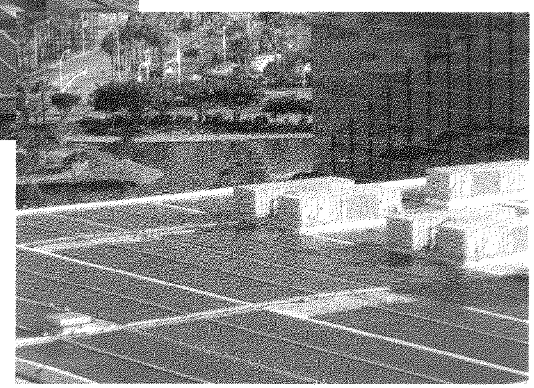


Child Care Center
Beaverton, Oregon

Long Beach Convention Center, Long Beach, California

UNI-SOLAR.

Distributed Generation using rooftop solar photovoltaics produces electricity at point of use, while improving land use in densely populated areas



What the Federal Government Should Do

UNI-SOLAR.

To optimize the financial impact of the Economic Recovery Program, the Government should do the following to encourage the adoption of rooftop solar photovoltaics:

1. **Install solar systems on rooftops of Federal buildings:**
   A robust, multi-year purchasing program from the Federal government would simultaneously benefit the U.S. economy, the environment and the domestic solar industry

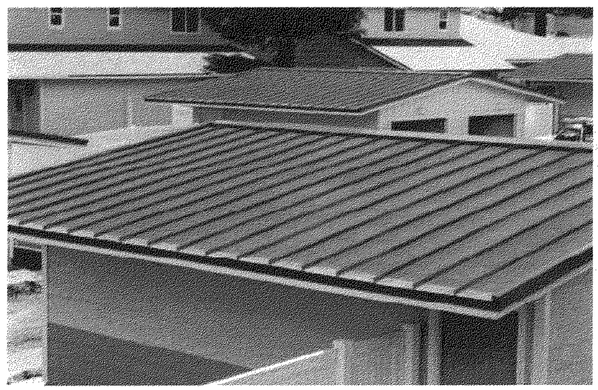
2. **Integrate government procurement efforts:**
   To ensure these projects are funded quickly, and thus have an immediate impact on the economic recovery, the procurement process should be streamlined across all levels of government

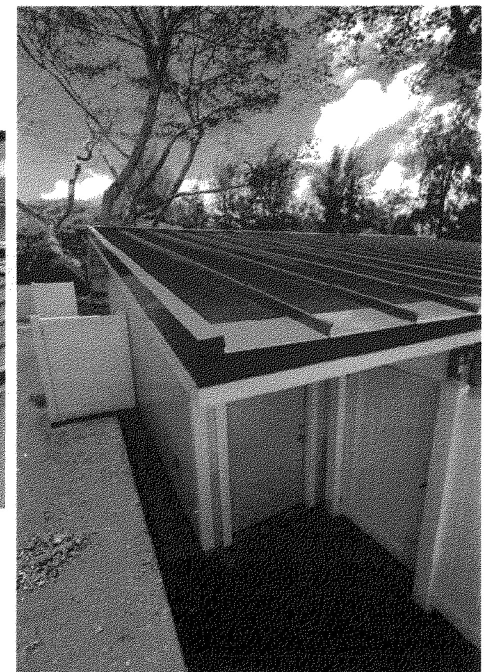
3. **Adopt policies that favor domestically produced components:**
   To maximize the number of jobs created in the U.S., we recommend the creation of policies and/or incentives that favor domestic manufacturers

6 Megawatt U.S. Army Installation by Actus Lend Lease Oahu, Hawaii

UNI-SOLAR.

The Department of Defense is already taking advantage of building-integrated photovoltaic (BIPV) applications





This installation placed 6 megawatts of *UNI-SOLAR* paneling across ~7,900 new and existing homes and community centers, replacing ~18,000 barrels of oil annually

Luke Air Force Base
Phoenix, Arizona

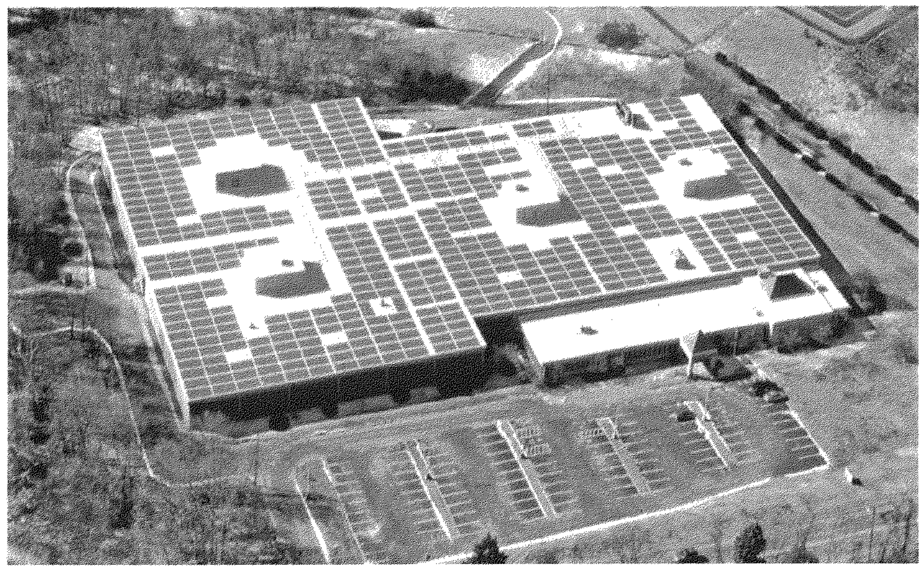
UNI-SOLAR.

U.S. Army Carport
Yuma Proving Ground, Arizona

UNI-SOLAR.

National Archives and Records Administration (NARA)
Waltham, Massachusetts

UNI-SOLAR.

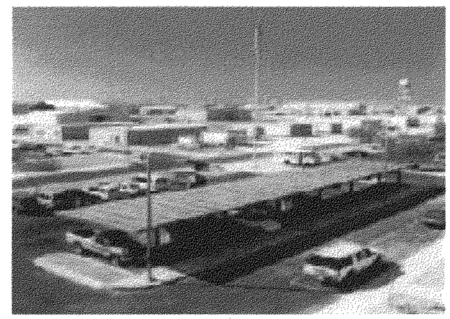


The GSA already has track record of installing solar photovoltaics on government buildings. This building-integrated installation on a NARA building in Massachusetts uses *UNI-SOLAR*.

Carports

UNI-SOLAR.

Carport
Scottsdale, Arizona



Carport/Lunch Shelter
Valencia, California

Santa Monica Civic Center Auditorium Carport
Santa Monica, California

The Nature Conservancy

Protecting nature. Preserving life.

TESTIMONY OF ROBERT BENDICK
DIRECTOR OF U.S. GOVERNMENT RELATIONS
THE NATURE CONSERVANCY
BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
JANUARY 22, 2009

THE ROLE OF "GREEN INFRASTRUCTURE" IN ECONOMIC STIMULUS LEGISLATION

Thank you for inviting me to testify here today. My name is Bob Bendick, and I am the Director of U.S. Government Relations for The Nature Conservancy. As you may know, the Nature Conservancy's mission is to protect habitat for the diversity of plants and animals in the U.S. and around the world.

Before coming to Washington last June to take on my current job, I was the director of the Conservancy's ten-state Southern U.S. Region where I had a good deal of experience with the two sets of issues that I will discuss today:

- Environmental restoration activities conducted by the U.S. Army Corps of Engineers; and
- The reduction of nutrients and pesticides associated with agricultural runoff.

I believe both of these areas of concern are critical to the future of our nation's water resources and are important targets for economic stimulus funding now pending in the House and Senate.

There is now overwhelming evidence that healthy waterways and their associated wetland systems provide ecological services of great value to our country. These services include clean and abundant water, protection from inland and coastal flooding, sequestration of carbon, fish and wildlife habitat, and outdoor recreation. When degraded or inappropriately modified, the loss of these services intensifies the effects of pollution, flooding, drought, and climate change. Frequently, state and local governments and federal agencies are forced to compensate for the loss of these essential services through construction of conventional infrastructure that is expensive to build and maintain.

U.S. Army Corps of Engineers

Among The Nature Conservancy's recommendations to the Transition Team of the Obama Administration were suggestions that the U.S. Army Corps of Engineers:

- Develop a national program with the goal of doubling the restoration of freshwater and coastal ecosystems and, then, work closely with Congress, state and local governments to achieve that goal; and
- Develop tools and support the planning and budgeting of water resources projects on a watershed or regional basis.

The American Recovery and Restoration Act or any subsequent stimulus legislation could help to advance these objectives and, particularly, the objective of accelerating restoration of freshwater and coastal ecosystems using a watershed approach.

Since Congress added ecosystem restoration as one of the Corps of Engineers' primary missions in 1986, the Corps has led some of the nation's largest and most ambitious ecosystem restoration projects (e.g., the Florida Everglades, Coastal Louisiana, and Upper Mississippi River). The Corps has also become a leader in carrying out smaller-scale projects. The Corps aquatic ecosystem restoration efforts include floodplain restoration, wetland and coastal hydrology and vegetation, shellfish restoration, dam removal, fish passage, and levee modification, among others. Many of these large and small scale efforts require significant engineering and construction resources that would quickly create a significant number of jobs.

We recommend that Congress direct that no less than one third of the Army Corps of Engineers overall allocation in the economic stimulus package be dedicated to ecosystem restoration projects. While we advocate substantial spending on the largest projects—to achieve geographic distribution of funding, and to ensure that the stimulus funding meets multiple small and large scale restoration needs and generate job growth throughout the country—we encourage that this distribution include funding for at least the following restoration authorities:

- **Large-scale programmatic restoration authorizations that have received construction authority** (e.g. Upper Mississippi River, Everglades, Missouri River Recovery, Puget Sound and Louisiana Coastal Area). Many of these efforts have invested significant resources in pre-construction engineering and design and have projects that have received construction authorization but no funding to proceed with construction. Funding allocated through a stimulus package could be quickly obligated and provide significant economic and environmental benefits. The total funding recommendation provided for this line item is based on the FY 2009 spending capability for the five projects listed above.
- **Individually authorized small to medium scale restoration projects or multi-purpose projects with a restoration component**. There are a suite of projects that are individually authorized and have received regular investment for feasibility studies and design. Many of these received construction authority in the last Water Resources Development Act. Funding should be allocated to those projects that have a clear environmental restoration benefit, are authorized for construction and could quickly obligate funding.

- **Continuing authority programs (CAPs),** which include Section 206, Aquatic Ecosystem Restoration, and Section 1135, Project Modifications for Improvement of the Environment. These continuing authority programs have been hamstrung by high demand, insufficient funding and a growing backlog of projects. As a result, the programs cannot implement pending restoration projects and many existing projects have been languishing without funding. Many of the projects already in the program queue, some of which have received little or no funding in recent years, have completed large portions of the necessary design work and could quickly finalize design and award contracts for construction. Because of the small nature of individual projects within these programs (less than $5 million total Federal cost), a significant investment via the stimulus package could clear the large backlog and quickly inject stimulus dollars into the economy.

Let me conclude this portion of my testimony by talking more specifically about critical projects that should move forward in the Everglades and the Louisiana Wetlands.

In the Everglades, the ongoing construction of various aspects of the complex Everglades restoration plan offer many opportunities for the rapid expenditure of stimulus funds. The South Florida Water Management District (SFWMD) has proven to be an able partner in restoration activities and is certainly capable of putting money to use very quickly. I am attaching a schedule of projects proposed for stimulus funding by the SFWMD. Many of these projects are of particular interest to The Nature Conservancy, but I would like to highlight restoration of the Kissimmee River. The partially-completed Kissimmee River Restoration project has already demonstrated real benefits for water quality and water management. The restoration has transformed the Kissimmee from a sterile ditch back into a sinuous river with its adjacent wetlands that helps cure the ills of downstream waters, is beautiful again, and, by the way, is a wonderful place to fish for bass. The Indian River Lagoon restoration consists of a number of projects that will reduce impacts on an estuary of exceptional importance.

With respect to the Louisiana Wetlands, while this project is not as advanced as the Everglades, projects involving restoration of natural systems and functions that we believe are ready to go include:

- The beneficial use of dredged sediment to stabilize eroding wetlands;
- The reintroduction of Mississippi River flows through Bayou Lafourche; and
- Various smaller Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA) projects in South Louisiana, including barrier island restoration.

Mississippi River Delta/Coastal Ecosystem Restoration Projects provide protection from coastal storms, improvement of water quality and exceptional wildlife habitat while generating a large number of jobs.

Treatment of Agricultural Runoff

The Nature Conservancy's transition documents for the new administration also address the use of Farm Bill and Environmental Protection Agency programs to improve water quality.

While runoff carrying nutrients and pesticides from intensive agricultural operations has been reduced in recent years by improved farming techniques, it is still a problem both for major rivers and for receiving waters like the Chesapeake Bay and the Gulf of Mexico where excess nutrients have contributed to a large "dead zone" that damages important fish and shellfish habitat.

University and field scientists are developing very promising new techniques for further reducing agricultural pollution while increasing the productivity of adjacent land, mitigating flooding and providing valuable wetlands habitat. The Nature Conservancy's chapters in Iowa and Indiana have been involved in advancing two of these approaches.

In Iowa, there is a proposal supported by the Iowa Department of Agriculture and Land Stewardship to expand the existing Conservation Reserve Enhancement Program (CREP) to restore small wetlands within intensively farmed areas. These wetlands, if linked in programs for whole sub-watersheds, remove nutrients, hold storm water, and hold moisture in times of drought. In addition to these benefits, the CREP proposal would also result in increased habitat for waterfowl and other species and improved agricultural yields through more efficient drainage of farmed wetlands.

In Indiana, we are cooperating with the Environmental Protection Agency to develop a program of "two-staged ditches" which, in effect, convert agricultural drainage ditches back to a more natural cross section—allowing flood waters to spread out and permitting the re-growth of wetlands vegetation.

In both Iowa and Indiana, these natural technologies have been measured to reduce nutrient and pesticide flows into adjacent rivers and streams.

We recommend providing funds primarily through the EPA 319 Non-point Pollution Program to assist individual landowners and drainage districts to install the kinds of measures described above within watersheds or sub-watersheds targeted by state and federal agencies. Given the current economic difficulties of state and local governments, the match requirements for the 319 Program should be waived, and/or 319 funds should be allowed to match Natural Resources Conservation Service and Farm Services Administration funding for specific on-farm projects. It would be preferable for EPA to provide funds through USDA because USDA has the infrastructure to deliver programs and works directly with farmers. At the same time, providing funding through EPA will ensure that the money is targeted to nutrient management.

These methods of nutrient removal are highly cost effective and also produce environmental benefits. Midwestern flooding has been exacerbated by increased runoff.

Retaining peak flows in the uplands helps to mitigate lowland flooding, lessening the stress on existing structures, and lessening the chances of catastrophic flooding. Strategically placed wetlands also retain moisture in the agricultural landscape in times of drought, and, of course, provide excellent wildlife habitat.

Between 1985 and 2005, USGS estimated nutrient fluxes from the Mississippi River to the Gulf of Mexico ranged from lows of 810,000 metric tons of nitrogen to highs of 2,210,000 metric tons of nitrogen. At $2/lb per nitrogen removed (one of the most cost effective-estimates based upon various treatment options), abating the nitrogen load by 45% for the Mississippi basin is a $1.6B to $4.4B challenge. Funding of natural system based nutrient removal in the American Recovery and Restoration Act could lead to long term, basin-wide and highly cost-effective nutrient control efforts in the Mississippi and Ohio River basins, and other major river basins such as the Potomac and Susquehanna.

An investment in green agricultural infrastructure in these major river basins to manage water and nutrients could employ thousands of technical service providers, surveyors, engineers, heavy equipment operators, mechanics, equipment manufacturers and others. This army of conservation practitioners would design and construct treatment wetlands and two-stage drainage ditches.

Finally, it is my understanding from our field programs that there is excellent support for these ideas in both agricultural and environmental communities. Therefore, doing something like the National Research Council has suggested—EPA and USDA moving to establish a Mississippi river Basin Nutrient Control Implementation Initiative—is a very real possibility.

Summary

Taken together, these proposals for ACOE, EPA and USDA spending in the American Recovery and Restoration Act can put lots of people to work right now on easily designed and implemented projects. These proposals can also be a tangible beginning to a longer term effort to use green infrastructure to reduce impacts on our environment in ways that will produce tangible and quantifiable ecosystem services that will, in turn lessen budgetary pressures on state and local government in the future, contribute to our overall economy and provide the foundation for future growth.

South Florida Water Management District
Economic stimulus package request
January 11, 2009

Project	Appropriation Request	Agency Performing Construction	Annual Direct Jobs Created on the Ground	Life of Construction Direct Jobs on the Ground	Indirect Jobs Created	Permits, Plans and Specs	Land Acquisition Complete
Herbert Hoover Dike Rehabilitation (3)	$77 million	Corps	120	240		Yes	Yes
C-44 Reservoir and Stormwater Treatment Areas	$363 million	SFWMD	232	581		Yes	Yes
C-43 Reservoir (1)	$473 million	SFWMD	252	758		Yes	Yes
Kissimmee River Restoration (3)	$31 million	Corps	50	50		Yes	Yes
Picayune Strand /FAKA Union Pump Station Works and Road Removal	$90 million	SFWMD	86	173		Yes	Yes
Picayune Strand /Merritt Canal Pump Station Works and Road Removal (3)	$52 million	Corps	50	100		Yes	Yes
C-111 Spreader Canal	$70 million	SFWMD	75	112		Yes	Yes
C-51/Stormwater Treatment Area 1 East	$8 million	SFWMD	20	20		Yes	Yes
L31 North Seepage Pilot Project (3)	$5 million	Corps	15	15		Yes	Yes
Seminole/Big Cypress Project (3)	$3 million	Corps	10	10		Yes	Yes
TOTALS	**$1.16 billion**		**910**	**2059**	**20,941 (2)**		

NOTES:

(1) The C-43 Reservoir would either require authorization within the Stimulus Act or could be constructed under standard permitting processes, with crediting adjustments after authorization.

(2) According to the Associated General Contractors of America, $1 billon in non-residential construction spending would create 23,000 jobs. So, $1 billion of stimulus dollars creates 2,059 workers on the projects themselves and 20,941 indirect jobs.

(3) The South Florida Water Management District is unable to certify to the ability of the United States Army Corps of Engineers being able to start construction within a 90 day window.

Appropriations from this economic stimulus package will be credited to the Federal Government under appropriate Project Partnership Agreements. However, these appropriated funds will not require immediate matching cash or in-kind contributions to balance the 50-50 cost share between the South Florida Water Management District and the Corps of Engineers under the Comprehensive Everglades Restoration Plan (CERP). These funds will be matched with land acquisition or in-kind work on other CERP projects. If cash contributions are necessary for balancing the 50-50 cost-share for CERP, these will not be until the final accounting for CERP

Testimony of Major General (AUS, Ret.) Roger R. Blunt, P.E.
Before The Committee on Transportation and Infrastructure Regarding
"Infrastructure Investment: Ensuring an Effective Economic Recovery Program"

Thursday, January 22, 2009
10:00 a.m. Room 2167
Rayburn, House Office Building

MG (AUS,Ret.) Roger R. Blunt, P.E.
President
Essex Construction, LLC
9440 Pennsylvania Ave.
Room 200
Upper Marlboro, MD 20772
240-492-2002 (direct)

Chairman Oberstar and members of the committee, my name is Roger R. Blunt, a resident of Upper Marlboro, Maryland with a business office also in Upper Marlboro. I own a company I have operated primarily in the transportation and infrastructure construction field since its founding in 1971. I am a professional engineer with registration in the District of Columbia. I hold two Master's Degrees from MIT, one of which is in Civil Engineering. My company built and operated an asphalt batching plant which supported my road building company. In the 70s I was a member of the District of Columbia Chapter of the American Road & Transportation Builders Association (ARTBA). I also served the National Asphalt Paving Association (NAPA) as its State Director for the District of Columbia from 1979 to 1984. The projects my company undertook included total replacement of two bridges in the District of Columbia, asphalt runway repairs and concrete apron construction as well as parking lot construction at Dulles International Airport and Washington National Airport (now Reagan). Additionally, my affiliate and commonly owned company performed extensive work as a subcontractor for the Washington Metropolitan Area Transportation Authority building and supplying 10,000 concrete tunnel liners for sections of the tunnel system.

My testimony today responds primarily to your interest in how the stimulus package can enhance and thereby ensure participation of small and minority business enterprises in federally funded projects. It also relates to my own mission to optimize participation of Maryland's small and minority businesses in BRAC projects, as Chairman of the Construction Committee of Governor O'Malley's BRAC Small & Minority Business Advisory Board. In my work over the years, I have concluded that the principal impediment to growth of small businesses in the construction arena is undercapitalization and a universal inability to access capital, credit and bonding.

However, adequate technical capability in Maryland's small business community is available today whereby many small firms could engage stimulus package opportunities as prime contractors if they had bonding.

While the stimulus package will bring millions of dollars of improvements in Maryland infrastructure, it is critical that Maryland's small business population be enabled to participate. One dilemma of which I and many others are aware is that the number of certified minority business enterprise contractors in the MDOT database has not grown in proportion to the increased volume of transportation and infrastructure work. I submit that undercapitalization is the principal cause of this problem.

Maryland Department of Transportation, State Highway Administration, Maryland Transportation Authority and all of Maryland's agencies are charged with the responsibility of ensuring that small and minority business enterprises participate in these projects more fully according to applicable state and federal law.

A major part of the underperformance problem is that most of these small firms have been unable to secure bonding and financing for construction projects through conventional channels. The current economic environment has made it more difficult because lenders have provided loans to these firms collateralized by the equity in the owners' homes. With this weakness in their ability to indemnify the surety in the event of default, particularly in the current economic downturn, they are not bondable without assistance.

What do we need promptly to achieve the results we seek in the state of Maryland? We need an organization chartered by the state to provide bonding and contract financing, as well as technical assistance to increase capacity and the capability of small and minority business enterprises.

A strategy should be devised to enhance the quality and quantity of small, minority and women owned businesses capable of participating in transportation and infrastructure projects.

An effective strategy would include the following:

A revolving, continuous Contract Financing Fund and Surety Bonding Fund to provide working capital lines of credit and bonding to qualifying businesses which will enable them to bid on prime contracts and subcontracts from Maryland agencies using stimulus package funding.

In Maryland I would recommend serious consideration be given to engaging and expanding services of the Maryland Small Business Development Financing Authority (MSBDFA), an agency of the Maryland Department of Business and Economic Development (MDBED). This organization, from my close observations, is equipped to move quickly. MSBDFA assisted my own company in the early 90s with a loan guarantee. Subsequently, I provided advice and counsel in support of MSBDFA's surety services to its clients, following which I served for a short term on MSBDFA's board. The Meridian Management Group (MMG), based on its successful activities in its role as manager of MSBDFA, working with this market segment, has proven experience in providing the support services required. Accordingly, MSBDFA would be an excellent vehicle for moving rapidly to implement this essential initiative.

Thank you for this opportunity to testify before your committee regarding "Infrastructure Investment: Ensuring an Effective Economic Recovery Program".

Testimony of Carole L. Brown
Chairman of the Board
Chicago Transit Authority

Committee on Transportation and Infrastructure
"Infrastructure Investment:
Ensuring an Effective Economic Recovery Package"

January 22, 2009

Chicago Transit Authority
Chairman's Office
567 W. Lake
Chicago, IL 60661
312-681-5020

Chairman Oberstar, Ranking Member Mica and the rest of the committee, thank you for the opportunity to testify today and talk about the needs of Chicago's transit system and the benefits that may result from an economic recovery bill.

My name is Carole Brown and I am the Chairman of the Board of the Chicago Transit Authority. The CTA is the second largest transit agency in the country, as we carry nearly 1.7 million rides per weekday on our 242 miles of track and 154 bus routes throughout Chicago and Cook County. We are also the primary transit agency in the northeastern Illinois, as the CTA carries 80 percent of all of the transit rides in the Chicago region. Many of you might know the CTA as the agency that operates the "L", the elevated train system that has become an iconic symbol of Chicago.

However, that symbol is aging and in poor health, as is our bus fleet and our subway system. Our oldest elevated train was built in 1897. Our oldest subway, the State Street Red Line, was built during World War II.

As you can see from this pie chart (attachment 1), the CTA has a $6.8 billion, five-year unfunded state of good repair need. That doesn't even include our fully funded five year, $3 billion capital plan, and nor does it include expansion projects that total over $4 billion. $6.8 billion is the shortfall needed in order to bring our system to a state of good repair.

The largest maintenance need - $4 billion – is in the category of funding that Congress often calls "Rail Mod". The $4 billion includes between $500 million and $1 billion each for signals, structure, track, and stations. These pictures (attachment 2 and 3) of rail ties and rail structure are unfortunately common throughout our system.

We also need $1.2 billion to repair and replace our rail fleet that travels 225,000 miles per day. 28 percent of our fleet is over 32 years old. What makes this notable is the FTA standard for useful life is 25 years. Our rail fleet's average age is 24 years.

We are thankful for all of the federal rail modernization and other formula funds we receive. In the past two years the CTA has borrowed against future federal funds in order to reduce our slow zones from 30 percent of the rail system to just 7 percent. And it is a good thing we did so at that time, because while we were finishing repair work in 2008 CTA ridership increased 5 percent due to a sudden spike in gas prices. At the same time, as was seen throughout the rest of the country, vehicle miles traveled on the region's roads declined. The good news is that even after gas prices were cut in half this past fall, those people that had switched from driving to transit continued to ride the trains and buses rather than return to driving. If we hadn't fixed the slow zones when we did, then in all probability those people new to transit would have become fed up with the slow, inefficient, and unreliable train service and quickly returned to commuting in their cars.

My point in this narrative is to show how important it is to maintain a transit system – not just for our transit system, but for the whole region and country, as a healthy transit system also helps alleviate congestion on a region's roads. But if we don't receive an infusion of funds soon to build upon our repair work, then our work will be for naught, the slow zones will return, and those people who did give transit a try will return to their cars.

A significant portion of our fleet of 2,200 buses, which carry a million rides per weekday, is well past its intended life. 15 percent of our bus fleet is more than 12 years old, which happens to be the FTA standard for useful life. And these national standards don't reflect the unique conditions of individual transit systems: CTA vehicles travel many more miles, carry far more people and operate in harsher climate conditions than the typical transit system. As you can see from this picture (attachment 4), our three hundred-plus 1995 series buses average over 450,000 miles. These buses have traveled the distance from the earth to the moon – AND back.

Our transit needs are dire in Chicago, and as long as federal stimulus money flows quickly and directly to the CTA rather than being held up at the state or regional level, we could obligate more than $500 million in 90 days to fix slow zones on our rail system and buy rail cars and buses. This would create over 1,000 high paying construction jobs in Chicago, and countless other jobs in places such as St. Cloud, Minnesota, where New Flyer would construct buses for the CTA system. Unfortunately, New Flyer, who I am told will have a representative appear before this committee later today, has informed the CTA that if they do not receive orders from transit agencies soon – the CTA has an option for over 50 buses with New Flyer - they will be forced to close their St. Cloud plant.

Clearly, the economic recovery package couldn't come at a better time – both for riders in big cities such as Chicago and for factory workers in small towns such as St. Cloud. But this isn't just a short-term jobs bill. It is an investment. Not just in our transit system, but an investment that will benefit our interconnected transportation system and our economy.

The Texas Transportation Institute's 2007 Urban Mobility Report, which is recognized as the foremost national traffic congestion publication, estimates that Chicago's transit system saves the region $800 million in time and fuel. That is the amount of road congestion saved by having a transit system – if it weren't for the transit network, road congestion would be 20 percent worse, more fuel would be wasted polluting our environment as cars idle in traffic, and people would have difficulty accessing jobs. For those who have driven in Chicago, like Congressman Lipinski, I know it is a scary thought that traffic could be much worse than it is today.

As Members of this Committee know, transit doesn't just move people to work and school and alleviate congestion on the roads. Transit is an economic development tool that revitalizes cities and creates livable, walk-able neighborhoods. A 2007 study in Chicago by the respected non-profit Metropolis 2020 shows that for every dollar spent on maintaining and expanding the transit system in Chicago, one dollar and thirty four cents is created in economic benefits. So the economic recovery package isn't simply a jobs bill. It is an economic development bill.

I applaud Chairman Oberstar and this Committee for crafting a bold transit package as part of the $825 billion House Economic Recovery bill, because it recognizes the fact that the country cannot simply build more roads to alleviate congestion and keep the economy moving. We have witnessed that firsthand in Chicago. Over the last 20 years, 3,000 lane miles have been added to the region's arterial, highway, and tollway network, a 20 percent increase in roadway capacity. Over the same period of time, congestion has doubled – the average amount of time a commuter spends in his or her car has increased from 22 hours a year to 46 hours a year. That is why it is so important that this Committee recognized transit's value and advocated for $12 billion in transit funding.

Unfortunately, that number was cut in the draft House bill. In Chicago and across the nation, citizens are told this economic recovery package will strengthen our nation's transportation infrastructure, help reduce our oil dependence and create new green jobs. But the fact is that out of the proposed $825 billion package, roughly $50 billion would be available for transportation projects and just $9 billion would be available for public transit. Hopefully this Committee will be successful in convincing your fellow House Members to increase funding for transportation and infrastructure, and particularly transit.

Finally, while I've focused on Chicago, it's worth noting that national transit ridership has reached 50-year highs with over 10 billion trips taken in 2008. CTA alone provided half a billion of these trips. Yet ironically, transit providers are raising fares and cutting back on well-utilized service because of shortfalls in operating funding. CTA just increased its monthly passes from $75 to $86. Cities across the country such as New York, Atlanta, St Louis and Washington are now bracing for imminent cutbacks and layoffs, despite soaring ridership. These cutbacks will force people back into their cars and strand some of our most vulnerable citizens.

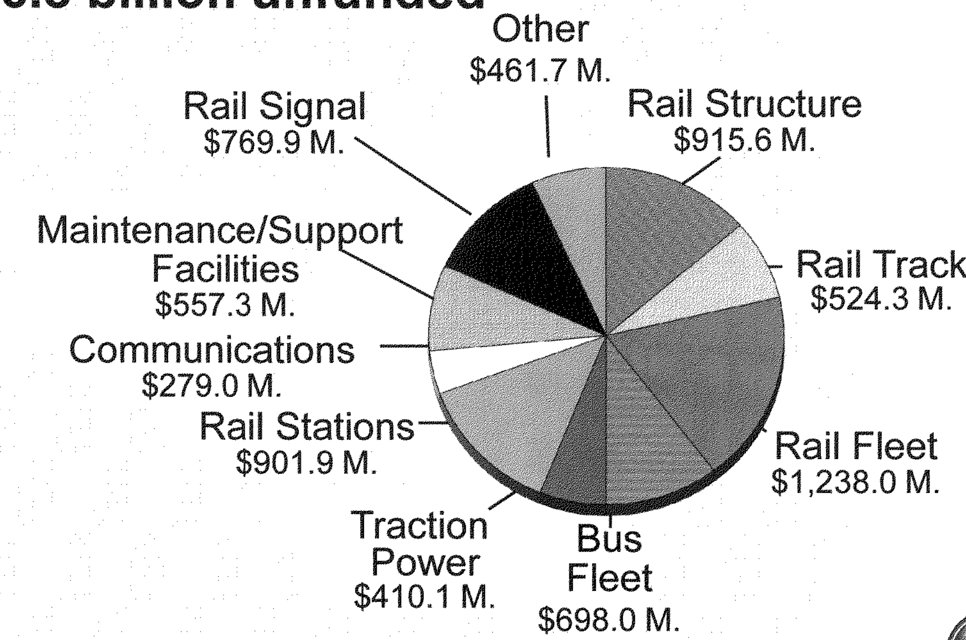
In closing I hope my testimony here today has given you a glimpse of the problems our transit system in Chicago faces, and the opportunities that a robust transit package in the economic recovery bill offers our riders and our region. I know Chicago's issues are a good example of the issues facing all large cities with older transit systems, so we are not alone in our plight and in our opportunities.

I would be happy to take any questions, and I thank the committee for your hard work in crafting a transportation package that will keep people and the economy moving.

ATTACHMENT 1

2009 UNFUNDED CAPITAL NEED

- $6.8 billion unfunded



ATTACHMENT 2

RAIL TRACK -- $524.3 MILLION

- 1.2 million feet of track
- 91,243+ feet (7.7%) of slow zones
- 760,000 rail ties in system

ATTACHMENT 3

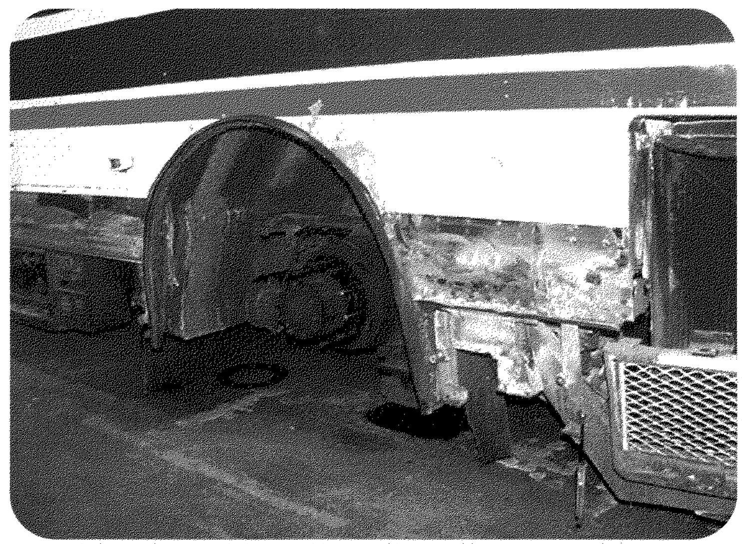
RAIL STRUCTURE -- $915.6 MILLION

- 121 viaducts and bridges
- 87.5 miles of 2-track elevated structure
- 8.3 miles of embankment retaining walls

ATTACHMENT 4

1995 BUS W/ SIDEWALL DECAY

- Average mileage for the 300 buses in this series is 450,000+ miles



Testimony of John D. Clark, III,
Executive Director/CEO, Jacksonville Aviation Authority
Chairman, Airports Council International-North America

before the

House Transportation and Infrastructure Committee

""Infrastructure Investment: Ensuring an Effective Economic Recovery Package"

January 22, 2009

Airports Council International-North America
1775 K Street, NW, Suite 500
Washington, DC 20006
(202) 293-8500

Chairman Oberstar, Ranking Member Mica, members and staff of the House Transportation and Infrastructure Committee, thank you for allowing me to participate in this important hearing. My ~~name is John Clark and I am Executive Director and CEO of the Jacksonville Aviation Authority.~~ I also serve as 2009 Chairman of Airports Council International-North America (ACI-NA). Our 366 member airports enplane more than 95 percent of the domestic and virtually all of the international airline passenger and cargo traffic in North America. Nearly 400 aviation-related businesses are also members of ACI-NA, providing goods and services to airports.

In my 26 number of years of working in the field of aviation at several different airports, I can tell you that with the exception of 9-11, this is one of the most critical times the industry has experienced. Airports are tied to the fate of the airlines and air traffic on one hand, but have a responsibility to maintain facilities to meet passenger needs on the other, so our leeway in delaying projects due to financial concerns is limited. While airports must be fiscally responsible businesses that respond to the ebb and flow of market demand, they also have a responsibility to the traveling public to keep facilities safe, secure and efficient.

Airports throughout the United States are facing reduced passengers, fewer flights, less competition for service and unsecure financial markets, yet we are committed to maintaining our facilities and preparing for the expected 25% growth in service that our industry will face over the next eight years. Airport financing is extremely complicated. Any one individual project at an airport can rely on funds from several different sources including bonds, Passenger Facility Charge (PFC) user fees, Airport Improvement Program (AIP) funds and locally generated revenues from aeronautical users, parking and concessions.

Airports receive the largest percentage of financing from the issuance of bonds, many of which are backed in part by PFCs. However, with the meltdown of the municipal credit market and the fact that many airport bonds are unfairly classified as private activity bonds which are subject to the Alternative Minimum Tax (AMT), airports can no longer rely on access to the credit markets in order to fund projects. That is why AIP funds are so important. Airports have over $5 billion dollars in AIP approved projects that are ready to go over the next two years. Guaranteed funding from the federal government through the AIP program will ensure shovels in the ground at airports both large and small across the country in as little as 30 to 45 days after the enactment of economic stimulus legislation.

The Airport Improvement Program

The current incarnation of the Airport Improvement Program was established by the Airport and Airway Improvement Act of 1982 (Public Law 97-248). Since then, AIP has disbursed over $45 billion in grants to airports to enhance the safety, security, capacity and environmental compliance of the nation's airports.

To be eligible for an AIP grant, airports must meet the following criteria: they must be publicly owned, privately owned, but designated by the FAA as a reliever or privately owed but with scheduled commercial service and at least 2,500 annual enplanements; and further, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS). The NPIAS is published every two years by the Federal Aviation Administration (FAA) and identifies those airports which are important to public transportation and contribute to the needs of civil aviation, national defense and the postal service.

Projects which are eligible for AIP grants include those related to enhancing airport safety, capacity, security, and environmental concerns. In general, airports can use AIP funds on most airfield capital improvements or repairs except those for terminals, hangars, and non-aviation development. Any professional services that are necessary for eligible projects — such as planning, surveying, and design — are eligible as is runway, taxiway, and apron pavement maintenance. Aviation demand at the airport must justify the projects, which must also meet Federal environmental and procurement requirements.

Projects related to airport operations and revenue-generating improvements are typically not eligible for funding. Operational costs — such as salaries, maintenance services, equipment, and supplies — are also not eligible for AIP grants. Hence AIP approved projects are largely construction projects that help produce good-paying construction jobs.

The NPIAS also estimates the funding needed to bring the approximately 3,400 airports included in our nation's aviation system up to the appropriate safety and capacity standards to meet the current and projected needs of all segments of civil aviation. The latest edition of the NPIAS estimates that over the five-year period of 2009-2013, there will be $49.7 billion in airport development projects eligible for AIP grants. The vast majority of this need, accounting for 64%, exists at non-large hub airports. AIP grants are particularly important to these airports as they often do not have the financial wherewithal to access private capital markets (In 2007, 77% of airport bond proceeds were issued by the 30 large hub airports).

Airports which participated in ACI-NA's 2007 Capital Needs Survey identified over $17 billion in fully or partially AIP-eligible projects with over $5.7 billion of that currently scheduled for the 2009-2010 timeframe. The improvement of airport infrastructure is vital to the overall transportation system of the United States since airports are part of the larger transportation network with connectivity to roads, transit, and maritime shipping. The proposed $3 billion in airport infrastructure stimulus funding has the potential to create more than 126,000 highly paid jobs throughout the United States.

The AIP Program: A Model for Federal Accountability

The key to assuring a successful stimulus package is to get funds flowing as quickly as possible. The best way to accomplish this in the airport arena is through the AIP program. The FAA Airports Office annually process over 2,000 grants to over 1,500 airports and has the requisite experience and administrative infrastructure to distribute funds quickly to airports with quality ready-to-go projects.

Airports operate on a continuous planning cycle and typically have capital programs planned five to ten years in advance. Many of the projects included in these capital programs have already completed the necessary planning, design, environmental and other reviews. They have been screened by the local and regional divisions of the FAA Airports Office and are simply waiting for funding to begin construction.

ACI-NA understands some have a concern that releasing such a large sum of money so quickly will inevitably lead to waste. However, as previously stated, the continuous planning cycle on which airports and the FAA Airports Office operate means that there are already many thoroughly vetted projects which are ready-to-go and can be put out to bid quickly. The FAA uses a comprehensive oversight process which includes review at the local level and cost-benefit analyses and has a well-established system that ranks and prioritizes AIP projects to ensure the most effective use of federal funds. In October 2007, a report by the Department of Transportation Inspector General found that FAA is effectively ensuring the highest priority projects are funded and that the FAA is meeting its strategic goal of funding projects that enhance airport safety, security and system capacity. Additionally, any airport which accepts an AIP grant is required to ensure the participation of Disadvantaged Business Enterprises (DBEs) in project contracting.

Typically, AIP grants have a local match requirement. The amount varies based on the type of project and the size of the airport recipient. The local match requirement ensures that sponsors submit quality projects and remain committed to the project through completion. However, ACI-NA believes that the local match requirement should be removed for grants made under the stimulus bill. When applying for an AIP grant, airports must demonstrate that they have the resources available to meet the local match requirement. However, as traffic has dropped, so have local revenues and many airports may no longer have the funds available to meet the requirement. Additionally, many of the projects that will be funded under the stimulus are projects which had been scheduled to begin in future years, so funds anticipated to be available in those years may not be available now. In order to ensure the greatest simulative impact of these funds, this potential roadblock should be removed. Furthermore, the waiving of the local match requirement will allow more AIP projects to move forward quickly getting shovels into the ground in 90 days without delay.

Examples of Shovel Ready Projects

Since AIP projects are shovel ready, airports are in a unique position to begin construction as soon as possible. The FAA has already determined that there are over $5 billion dollars in AIP eligible projects that could start within the next two years. I want to take a moment to highlight a few of those important projects from around the country.

Within 45 days of receiving AIP federal funding Oakland International Airport could begin a $30 million apron and taxiway improvement project. Oakland expects that this particular project will create 900 jobs. These resurfacing enhancements will help improve the conditions at the airport through the rehabilitation of these vital aircraft apron and taxiways. Furthermore, these pavements are essential to aircraft operations and parking for both passenger and cargo activity. The improvements that would be achieved through this project will help enhance safety and will help increase efficiency at the airport helping to improve operations.

The funding in the stimulus for AIP will benefit airports both large and small. In Detroit, the Willow Run General Aviation Airport is ready to start building a new facility that will house aircraft rescue, firefighting, and snow removal equipment within approximately 90 days of receiving federal funds. This project is expected to create up to 100 material delivery and construction jobs. A few years ago, the Willow Run snow removal maintenance facility was lost in a fire. Since that time, airport staff has had to constantly move the equipment around and has often time resorted to using tarps to cover their snow removal machinery. This new facility will not only provide the shelter needed to reduce the wear and tear on the snow removal equipment but it will also bring a standardized and up-to-date facility for essential safety personnel at this important reliever airport for the Detroit Metropolitan Area.

In my home state of Florida, Sarasota Bradenton International Airport is ready to start a runway rehabilitation and overlay project that will cost approximately $5 million within the next 60 to 90 days. This project is estimated to create a total of 100 new construction jobs. Runway rehabilitation projects like this one at Sarasota illustrate the need for airports to maintain current ground-side facilities to ensure the safety of the traveling public. Since airports have an obligation to maintain facilities regardless of the number of operations into and out of a particular airport on any given day, rehabilitation projects like this one at Sarasota are in need of AIP funding.

In Jacksonville we have two projects that will cost approximately $6 million and are ready to go within 90 days. The first is a runway overlay and the second is security perimeter fencing, both at Cecil Field, our general aviation reliever airport.

Airport Bonds: Facing a Crisis in the Financial Markets

On an annual basis AIP funding accounts for roughly $3.5 billion, however, airports rely on bonds for the largest influx of capital to fund infrastructure When my colleague from the Port Authority of New York and New Jersey, Director of Aviation, Bill DeCota testified before this

Committee in October, he explained the dire condition of the financial markets for airports. I would like to take this opportunity to update you on the condition of the financial markets.

Approximately two-thirds of airport bonds are considered private activity bonds (PABs), therefore making interest on these bonds potentially subject to the AMT for bond holders. This AMT penalty has caused airport bonds to be unattractive on the markets and therefore airports, even those with high credit ratings, cannot find buyers for their bonds. Unfortunately, the situation has not changed since Mr. DeCota's testimony in October. In fact, airports have been forced to turn to costly short-term alternatives for the funding of both and ongoing and new essential construction projects, which significantly increases the overall cost of the project.

Airports throughout the United States are pleased that many in Congress have recognized that relief from the AMT penalty for private activity bonds is necessary for creating jobs and generating economic activity at airports and other sectors of the U.S. economy. We would like to thank you Mr. Chairman, Ranking Member Mica, and others of this Committee and in Congress for their support on this particular issue. As you may know, Chairman Rangel and the Ways and Means Committee have included relief from the AMT for new private activity bonds issued in 2009 and 2010 in the American Recovery and Reinvestment bill introduced in the House last week.

The enactment of legislation to provide relief from the AMT penalty for PABs would provide great assistance to airports in financing infrastructure and creating jobs. However, it is critical that this relief be permanent to facilitate the financing of long-term airport projects. Terminal projects usually take 3 to 5 years to construct and the planning, design and construction of runways can take on average 8 to15 years to complete. These projects cost hundreds of millions of dollars and are financed through multiple bond issues over the construction period. Therefore, any airport attempting to finance a large scale capital project with bonds that have only a short term exemption from the AMT will find its capital funding program at substantial risk, as it is unlikely investors will buy PABs which would mature after the expiration of a temporary AMT exemption. This risk will not only stall construction of projects that could have the largest simulative impact across the nation for job creation and economic activity in the short-term, it will also affect long-term airport construction and the continuation of thousands of jobs.

It is also critical to ensure that any AMT legislation allow airports to refinance existing debt that was issued using other short-term funding mechanisms due to the problems with PAB financing which is subject to AMT. Several airports, including Las Vegas and the Metropolitan Washington Airports Authority (MWAA), needed access to financing for important capital projects during the past few months, but were forced to use commercial paper as a short-term fix to allow their projects to move forward. While this temporary financing allowed new projects to begin, the ability of these and other airports to move forward with the next phases of their projects in the next six months is in jeopardy if airports are not able to refinance this temporary debt into long-term debt.

During these challenging times, airports understand they are the public face of aviation in their communities and are working hard to retain air service for their constituents and contribute to the community's economic growth. Providing airports at least $3 billion in AIP funding and enacting permanent AMT relief that allows for current refunding of existing debt will greatly assist in these efforts.

Mr. Chairman and Ranking Member Mica, I would like to thank you again for allowing me to testify on behalf of the airport industry. We welcome the opportunity to continue working with you to help stimulate the economy and create jobs through construction of airport infrastructure. On a final note, let me thank you again for your commitment to quickly pass a multi-year FAA Reauthorization bill, including an increase in the PFC user fee ceiling to at least $7. As you know, construction cost inflation continues to increase, significantly eroding the value of the existing PFC. There are many projects that are not eligible for AIP financing, such as refurbishing terminal at large and medium airports, which cannot go forward without such an increase. I think we can all agree this increase will also have a positive long-term impact on the economy. Thank you and I am happy to answer any questions.

Statement of the U.S. Chamber of Commerce

ON:	**EXAMINING THE STIMULATIVE EFFECTS OF INFRASTRUCTURE INVESTMENT ON THE U.S. ECONOMY AND THE NEED FOR ADDITIONAL INVESTMENT**
TO:	**THE U.S. HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**
BY:	**THOMAS J. DONOHUE U.S. CHAMBER OF COMMERCE 1615 H STREET, NW WASHINGTON, DC 20062-2000 (202) 659-6000**
DATE:	**JANUARY 22, 2009**

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business—manufacturing, retailing, services, construction, wholesaling, and finance—is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 96 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Testimony of Thomas J. Donohue

President and Chief Executive Officer

U.S. Chamber of Commerce

January 22, 2009

Before the U.S. House Committee on Transportation & Infrastructure

Introduction

Mr. Chairman, Mr. Ranking Member, and distinguished members of the House Transportation and Infrastructure committee, thank you very much for the opportunity to testify about why transportation infrastructure investment should be a key part of federal legislation to stimulate economic activity and spur job growth during these challenging economic times.

My name is Tom Donohue, and I am the President and CEO of the U.S. Chamber of Commerce. The U.S. Chamber of Commerce is the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region.

The U.S. economy, which is already in recession, continues to be buffeted by the unwinding of the housing market, a severe liquidity crisis, and a general economic deleveraging. The already weak economy threatens to slow further, making credit even less accessible to Main Street businesses. This downturn has already lasted longer and run much deeper than either of the two previous economic downturns.

While the stimulus bill enacted early last year focused on increasing consumption and investment, Congress needs to take additional action to provide stimulus to the economy and address the severe negative effects that the economic downturn has had on specific sectors and industries, such as housing, infrastructure, retail, real estate, broadband, and travel.

If done right, targeted investment in transportation infrastructure is one such effort that can help specific sectors of the economy recover in the short term and bolster the health of the broader economy in the long term. It is vitally important, however, that long-term infrastructure planning be incorporated into the economic recovery agenda to ensure these short-term investments and resulting job creation are sustainable and that our economy remains competitive in a global economy.

Current Employment Conditions

Two weeks ago, the Labor Department reported that another 524,000 jobs were lost during the month of December, increasing the unemployment rate to 7.2 percent and increasing the total job losses for last year to 2.6 million – its highest rate since January 1993 – bringing the total number of unemployed Americans to 11.1 million.

The job losses were widespread: 101,000 in construction, 149,000 in manufacturing, 113,000 in professional and business services, and 67,000 in retailing. For the construction industry, unemployment is now 15.3 percent; the December losses marked the 18th consecutive month with significant job loss in the construction industry. In all, 864,000 construction jobs have been lost since the start of 2007.

What This Recession Means for Transportation Investment

As the construction sector takes a hit, so do the vital projects it produces that keep the U.S. economy running smoothly. Shrinking state budgets and the tightening credit market are leaving many planned projects without direct funding or financing. According to Municipal Market Advisors, a consulting firm that specializes in municipal bonds, $100 billion of new infrastructure projects have been delayed because of the constricted credit markets. Without these dollars, many states and localities are simply cancelling efforts, forcing many needed investments to wait for sunnier economic times. For example, the Metropolitan Washington Airports Authority recently scrapped a planned bond offering to pay for terminal expansion and parking garages already under construction at Dulles and Reagan National Airports, the State of Maine has been unable to raise $50 million for highway repairs, and in California, $1.8 billion worth of work in progress is in danger of being suspended because of that state's cash flow problems.

The economic crisis has affected transportation planning and investment in other ways as well. For example, transit financing deals reached between 1988 and 2003 have been caught up in AIG's collapse and are at risk of default, exposing transit agencies serving 25 metropolitan districts in 17 states to financial collapse.

Unfortunately, this freeze in infrastructure efforts could not come at a worse time. For far too long, the United States has failed to make infrastructure a priority, relying on the investments Americans made over 50 years ago to move our nation, and our systems are deteriorating rapidly. Our lack of attention to these issues has real ramifications for America's competitiveness and economic health. The U.S. economy has been the most competitive in the world because of its capacity for innovation, higher education system, market size, corporate ingenuity, fluid capital markets and transportation network. These advantages have allowed U.S. industries to take a leading role in the global economy providing products and services demanded worldwide. Transportation has been the foundation of this success, but it is now becoming our Achilles heel.

The U.S. network of transportation infrastructure – the highways, bridges, public transportation systems, airports and air traffic control system, rail, inland waterways and ports – have become woefully inadequate to support the 21st century economy and the American way of life. As Mike Eskew, former Chairman and CEO of UPS, recently noted, "While commuters can feel the personal assault of traffic jams and flight delays, many do not appreciate how congestion affects the movement of the nation's freight, and how an over-stressed infrastructure slows delivery times, creates unpredictability in supply chains and ultimately makes U.S. businesses less competitive and consumer goods more expensive."

The U.S. aviation system is currently facing a capacity crisis and roughly one-third of the nation's major roads are in poor or mediocre condition. U.S. transit systems earned a D+ rating from the American Society of Civil Engineers while public transportation ridership is at its highest level in 50 years, with 10.3 billion trips in 2007. The aging inland waterway lock and dam system is affecting system capacity and reliability – of the 257 locks on the more than 12,000 miles of inland waterways operated by the U.S. Army Corps of Engineers, nearly 50 percent are functionally obsolete. By 2020, that number will increase to 80 percent. Ports need to accommodate a near doubling of cargo volumes by 2020, with some ports facing a tripling or quadrupling of container volumes moving across their piers.

A decaying surface transportation system costs the U.S. economy $78 billion annually in lost time and fuel. Approximately 42,000 people are killed each year on the nation's highways with an estimated 15,000 traffic deaths occurring where substandard road conditions were a factor. The economic cost of vehicle crashes annually is more than $230 billion dollars. By 2050, congestion costs could represent 14 percent of national GDP, up from 1.5 percent of GDP in 2003. Americans in urban areas wasted 2.9 billion gallons of fuel, enough to fill 58 supertankers in 2005. As congestion grows, thousands of tons of pollution are pumped into the air every day.

All the while America's global competitors surpass our efforts by leaps and bounds, threatening to leave us in the dust. Decades ago the United States built the best infrastructure the world had ever known and proceeded to take it for granted. We have allowed governments at all levels to pile on complex and overlapping regulations, making it exceedingly time-consuming to build or improve America's infrastructure. Americans have learned to live with sub par performance because the deterioration has been so slow, like a trickle from a pinprick hole in a dam ... roads have slowly gotten more congested ... potholes have proliferated ... commute times have expanded ...flight delays have become more frequent ... the power goes out a little more frequently. As Thomas Friedman recently noted in one of his columns, landing at Kennedy Airport from Hong Kong is like going from the Jetsons to the Flintstones.

As you consider elements to include in a recovery package, the macroeconomic benefits of infrastructure investment should be considered. Fundamentally, the business community depends on a safe and reliable transportation system to remain competitive and efficient. America's transportation system is literally the foundation of the economy. Without question, current investment levels and planning are not keeping pace with systemic needs.

Transportation Infrastructure Investment in an Economic Recovery Package

Transportation infrastructure plays a critical role supporting the America's economy. Targeted infrastructure investment would help create jobs in the short-term and provide long-term economic benefits by helping improve the movement of people and goods. The Chamber fully supports the incorporation of targeted infrastructure investment in an economy recovery package.

Investment in infrastructure has demonstrated clear economic benefits. Jobs stemming from these efforts are not simply confined to the boots on the ground – infrastructure projects require materials, heavy equipment, and basic services provided through surrounding communities, which lead to growth in other key economic sectors. Each dollar invested in highway construction generates $1.80 of Gross Domestic Product in the short term, according to Standard & Poor's DRI and every dollar taxpayers invest in public transportation generates about $6 in economic returns, reports Cambridge Systematics. According to the Department of Transportation, each $1 billion in federal highway investment accompanied by the state match supports 34,779 jobs.

In addition to Chamber members such as the American Public Transportation Association and the American Association of State Highway and Transportation Officials, numerous organizations have developed lists of "ready-to-go projects" that could be under contract within 180 days from enactment of federal economic stimulus legislation. While it is not appropriate for the Chamber to verify these lists, there are clearly an abundance of highway, transit, aviation, and water projects that could be initiated quickly and generate jobs. To ensure that infrastructure money is spent out quickly, Congress should adjust the current highway language to encourage a faster-than-normal obligation rate.

While the Chamber supports federal spending on an array of near-term infrastructure efforts, Congress and the Obama administration must ensure the accountability and transparency of these efforts. If Congress and the administration do not take the necessary steps to ensure this money is spent where it is most needed, there is a real chance this effort could fail and billions of taxpayer dollars could be wasted. If the stimulus package takes the form of bridges to nowhere, a result could be statistical economic expansion with little increase in economic well-being. To ensure these funds have the desired maximum impact without slowing the process down, Congress should impose some basic cost-benefit requirements and ensure transparency like those included in the House Recovery Package released last week.

Even More Bang for Each Taxpayer Buck

In addition to enthusiastically backing the inclusion of publicly funded shovel-ready infrastructure projects a key component of economic stimulus and recovery, the Chamber believes we can multiply the job-creating impact of public investments in infrastructure with private sector investments.

According to the *Public Works Financing* (November 2008), there are about $19 billion worth of road, rail, and port projects where private developers have been selected or are about to be selected. These projects are at risk of being delayed due to the ongoing credit market crisis. In the context of the economic recovery and stimulus package, simple steps such as lifting or eliminating the caps on private activity bonds for airport, water, and highway projects and exempting public purpose debt from the Alternative Minimum Tax (AMT) would make these securities more marketable and would spur private investment in infrastructure, supporting job growth.

Congress should also consider proposals such as the National Infrastructure Bank put forth by Senators Dodd and Hagel last year and Build America Bonds legislation authored by Senators Wyden and Thune as innovative ways to attract increased private investment in major infrastructure projects. Both of these concepts could be constructed to give state and local governments incentives to develop projects that draw on both public and private investment.

Beyond the economic recovery package, there is an extraordinary opportunity to unlock years of private sector infrastructure investment by embarking on a common-sense plan to remove legal, regulatory, and legislative impediments that now stand in the way. This can be done while fully protecting the public's health and safety and improving the environment.

The private sector can provide vital capital if Congress and the administration make facilitating private investment a priority. The private sector is already responsible for most of the investments in American infrastructure. For example:

- More than 80 percent of America's energy infrastructure is owned and managed by the private sector, including dams, pipelines, the electricity grid, transmission lines, and power generation.

- Nearly all of broadband infrastructure is privately owned and operated.

- Approximately half of America's drinking water systems and an estimated 20 percent of the wastewater systems are privately owned.

- Freight railroads are businesses, and the private sector also participates in providing other transportation infrastructure including roads, ports and inland waterways, airports, and public transit systems.

- Businesses are also key players in the development and application of alternative, clean energy technologies and efficiency measures and thus, will be critical to achieving a vision of a green economy.

In order to build on the private sector's already substantial role in infrastructure, there must be a concerted effort to reform and modernize the rules and procedures that impact project development, finance, and execution. Quite simply, it takes too long to build things in this country. The Chamber's policy experts are preparing a short paper that will outline specific steps that can be taken to spur privatc infrastructure investment over the long term and will send this material to you and your staff when it is ready. It supports the important ongoing agendas of this Committee, including sustained investment in infrastructure and environmental protection that will persevere long after the economic recovery and stimulus package is signed into law.

Following Through: Addressing Long-Term Investment and Planning Issues

While transportation investment is uniquely positioned to support short-term economic recovery through job creation, it is imperative the federal government also look to infrastructure planning and investment as a way to facilitate long-term economic recovery and competiveness. If Congress and the administration simply stop with these preliminary efforts and avoid tackling larger federal program and revenue issues through major reauthorization legislation, these early efforts will be greatly diminished in their efficacy. Jobs and economic activity created through an economic recovery package will not be sustainable if the government does not address the oncoming highway and public transportation revenue crisis, for example. We have a full infrastructure agenda that should be viewed as an opportunity to drive economic recovery and competitiveness and not pushed to the back of the line of national priorities.

The Long-Term Federal Transportation Agenda

It is time to strategically plan and invest in the U.S. transportation system. Transportation infrastructure capacity is more vital than ever to the success of U.S. industries. A well-designed, interconnected transportation network with adequate capacity and efficient management has significant economic and social benefits to the nation's economy. In order to keep pace with transformations of the national and global economies, the U.S. transportation system needs to expand, modernize and adapt to the changing and growing needs for freight movement and passenger mobility. Long term underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.

Congress and the administration have before them a full slate of transportation legislation that should be viewed as opportunities to create jobs and facilitate commerce, helping hasten economic recovery and keeping the U.S. globally competitive.

Aviation

The aviation system, which facilitates business travel, tourism, the movement of domestic and international goods, and national defense, is a disgrace and has been operating without a pilot for sometime now. The state of the air traffic control system is at the heart of America's aviation woes and modernization must be a national priority.

Since September 2007, the Federal Aviation Administration (FAA) has been operating without a congressionally confirmed administrator. A first priority of the administration and Congress must be to appoint and confirm a qualified administrator to oversee all aspects of civil aviation in the United States. Congress and the FAA must act to transform the U.S. aviation system to meet the expected 36 percent increase in fliers by 2015, by expediting air traffic control modernization and providing the necessary investment to increase national aviation system capacity through a multi-year federal authorization.

Freight Rail

As the cost of highway freight bottlenecks and congestion has increased, many have looked to freight rail to carry more freight to relieve truck and highway congestion and help conserve energy, reduce engine emissions, and improve safety. Shippers, too, have started looking to railroads to carry more longer-distance shipments, especially as the costs of truck fuel and labor have increased. Unfortunately, the America's freight rail system also has its capacity issues.

Ton-miles of rail freight carried over the national rail system have doubled since 1980, and the density of train traffic – measured in ton-miles per mile of track – has tripled since 1980. The railroads have had substantial surplus capacity in the rail network for many years. This excess capacity has enabled the railroads to absorb traffic growth with relatively modest additional capital commitments to expand infrastructure. However, this surplus capacity has now largely been absorbed by two decades of growth and major increases in rail traffic volumes of the past few years. The railroad industry's investment in infrastructure alone will not be enough to handle the 67 percent projected increase in freight traffic between 2000 and 2020. The administration and Congress should enact an infrastructure investment tax credit for the rail industry to help accommodate the projected increase.

Water Resources

The Chamber commends this Committee's hard work in support of the America's inland waterways through WRDA 2007. To ensure this legislation has the maximum effect and achieves its overarching policy objectives, it is imperative Congress provide money for the WRDA-authorized projects and programs in the annual appropriations process.

Despite this Committee's vital efforts on water resources legislation, there is still much work to be done to modernize the nation's ports and inland waterways. In 2006, more than half of the 240 operational Corps-funded lock chambers in the United States – which handle over 625 million tons of freight commodities valued at over $70 billion each year – were over 50 years old and had exceeded their economic design lifespan. Many locks are too small for today's larger tows and are susceptible to closures and long delays for repairs. Ensuring waterside capacity in Gulf and East Coast ports is vital to the U.S. economy and will prove even more critical with the completion of the Panama Canal expansion in 2014. This lack of maintenance and modernization is impairing the system's reliability and U.S. commerce is paying the price.

Next year, the administration and Congress can reinforce the federal government's commitment to investing in the nation's water transportation system by acting expeditiously to reauthorize WRDA. Congress and the administration should continue to work with the Army Corps to manage construction times more effectively, provide better cost estimates and lower cost overruns, quickly address the rapidly diminishing balance of the Inland Waterway Trust Fund, and fully invest the resources of the Harbor Maintenance Trust Fund in critical dredging projects.

SAFETEA-LU Reauthorization

Safe, Accountable, Flexible, Efficient Transportation Equity Act, a Legacy for Users (SAFETEA-LU), the current highway and public transportation authorizing legislation, expires on September 30, 2009. It has been widely criticized for doing little to identify or address national needs, was heavily earmarked, and essentially overobligated available funding, leaving the Highway Trust Fund broke a year before expiration.

National needs have continued to grow as construction, labor, and land costs rapidly increase, state budgets and credit markets across the county constrict, and federal revenues fall short of projections due to a drop in vehicle miles traveled. To improve federal investment and prevent cuts to the federal highways and transit programs, Congress and the administration must swiftly reauthorize SAFETEA-LU while ensuring that the federal role is defined, existing programs are reformed, wasteful spending is curbed, and federal investment in U.S. highways and transit systems is increased.

In November, the Chamber's board of directors approved a set of recommendations for Congress that have been provided here for you today. In it, the Chamber outlines high-level objectives the business community deems necessary for a successful bill. Among the highlights,

- Congress must ensure federal transportation policy, programs, and resources are oriented around national needs related to U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense.

Over the years, these programs have devolved into a political redistribution of federal dollars, instead of thoughtful investments benefitting the nation as a whole.

- The programs should continue to emphasize safety and maintenance efforts.

  With regard to safety, almost 42,000 people are killed each year on the nationa's highways, and approximately 15,000 traffic deaths annually are in crashes where substandard road conditions, obsolete designs, or roadside hazards are a factor, according to the U.S. Department of Transportation (DOT). This is unacceptable. The economic cost of traffic accidents in the United States is estimated to be almost $231 billion each year in added medical, insurance, and other expenses, which is about 2 percent of U.S Gross Domestic Product (GDP), according to the U.S. DOT.

- There is a clear national interest in ensuring adequate passenger mobility, particularly in large metropolitan areas. Congress should develop federal policy and programs that support congestion mitigation and improved mobility in urban areas by providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities, supporting public transportation capacity, availability and ridership strategies and highway capacity where appropriate.

  Much of America's economic activity is based in our metropolitan areas. The 100 largest metropolitan regions in the United States account for just 12 percent of the land area but contain 65 percent of the population, 69 percent of all jobs, and 70 percent of the nation's GDP. The largest 100 metropolitan areas also serve the majority of our transportation activity, handling 72 percent of all foreign seaport tonnage, 79 percent of all U.S. air cargo tonnage, 92 percent of all air passenger boardings, and 95 percent of all public transit passenger miles traveled.

- While the U.S. population is increasingly shifting away from rural areas into massive "megaregions," ensuring rural connectivity is a vital to the national interest. The majority of the United States' natural and agricultural resources are located in rural areas. Further, smaller communities must build and maintain the full range of infrastructure regardless of population size.

  Congress should ensure improved rural connectivity by providing federal investment in small communities and rural areas to support connectivity to major economic and population centers.

- Congress should develop a comprehensive freight program to ensure adequate capacity, reduce congestion, and increase throughput at key highway, rail, waterway, and intermodal choke points.

  The growth in international trade is overwhelming U.S. intermodal freight capacity. In the next 30 years, domestic freight volume is forecast to double and international freight volume entering U.S. ports may quadruple, according to the American Association of State Highway and Transportation Officials (AASHTO). Transportation bottlenecks at America's major ports, gateways, and trade corridors have significant economic, environmental and energy implications. The federal government currently does not have a comprehensive plan to accommodate existing and forecast freight flow.

- Given the transportation sector contributes roughly a third of all carbon emissions and is responsible for the consumption of two-thirds of the nation's petroleum resources, any climate change legislation is liable to have significant down-stream ramifications for transportation users.

  The Chamber encourages Congress to consider the preservation of American jobs and the competitiveness of U.S. industry when devising policy. Furthermore, any approach to climate change should be international in scope, should promote the accelerated development and deployment of greenhouse gas reduction technology, should reduce barriers to developing climate-friendly energy sources, and should encourage energy conservation and efficiency.

- As the National Surface Transportation Policy & Revenue Study Commission pointed out in their report last year, under current law, there are 108 transportation programs catering to a wide range of interests. The proliferation of federal program categories encourages increased stove-piping and makes it increasingly difficult to advance overarching objectives and diminishes the effective allocation of resources.

  The Chamber recommends that Congress reorganize and consolidate the federal programs around specific, overarching national objectives to ensure that planning is more comprehensive and projects reflect the federal role.

- The Chamber also believes that Congress and the administration can do a great deal more to streamline project delivery. According to the Federal Highway Administration (FHWA), major highway projects take on average about 13 years to get from project initiation to completion while project development activities under the Federal Transit Administration's (FTA) New Starts program average more than 10 years. Delayed project delivery creates inefficiencies across the systems, translates into increased project costs, and can undermine finance plans.

Congress should also work to expedite project delivery by looking at efforts like the I-35W Bridge reconstruction in Minnesota, which took just over a year from start to finish, as a model.

- The federal government should continue to support research, development, and application of improved technologies that improve infrastructure design, construction, maintenance, financing, and operations, and increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

- Finally, with regard to funding and financing, it is time Congress started to acknowledge that these programs are running on fumes. Both the highway and transit accounts are evaporating and Congress will soon be faced with a choice: to cut federal programs and investment by as much as 50 percent or find more revenue to support these efforts.

- Given the federal government currently provides for roughly 45 percent of all highway and public transportation investments in the United States, it is the Chamber's recommendation that you raise more revenue and better leverage federal dollars by encouraging project financing and delivery approaches that attract private investment.

  The full weight of the Chamber will come behind an effort to increase user fees to provide the revenue our transportation infrastructure badly needs, if Congress can develop legislation that realistically achieves the following:

  - A refined federal role, oriented to achieve national interests.

  - Significant program reform emphasizing performance management and accountability to ensure that costs are minimized and benefits are maximized.

  - Improvement in the integrity of user fees by limiting earmarks and non-transportation spending.

  - New opportunities to access private sector funding sources.

  - The establishment of a road map for a sustainable revenue model.

What the Chamber Will Do

The Chamber's efforts on highway and public transportation issues are spearheaded by the Americans for Transportation Mobility (ATM) Coalition, which I chair. The Coalition is a dynamic group representing businesses, labor groups, public transportation providers, and construction stakeholders throughout the country. To support your efforts to tackle these challenging issues and provide the funding levels needed to support our infrastructure, the Coalition launched the *FasterBetterSafer* Campaign last year. The Campaign's goal is to demonstrate the groundswell of public support for repairing, rebuilding, and revitalizing America's aging transportation system. The Coalition has hosted events all over the country to educate the American public and your constituents about these critical issues and are empowering our growing grassroots network to help make transportation a national priority.

Many of the communities we visit with already have a good grasp of the problems and are ready and willing to start being a part of the solution. Between the businesses who rely on complex logistics systems to move their goods and public transportation networks to bring their employees to and from work, and the laborers, contractors, engineers, materials providers, there is considerable support for improved and increased federal investment in the United States' transportation network.

The ATM and the Chamber will continue to build these networks to ensure you have all the support you need to move legislation that will make a difference.

Conclusion

Mr. Chairman, Mr. Ranking Member, and members of the Committee, I hope you will consider the business community's strong interest in repairing, rebuilding, and revitalizing the nation's transportation infrastructure as you develop an economic recovery package and move on to the larger, more complicated slate of programs up for reauthorization this year.

The Chamber will continue to educate and mobilize the American people to support your efforts and demonstrate that there is an appetite for increased investment at the federal level.

The United States is in bad need of an economic recovery package and the Chamber believes investments in transportation infrastructure can provide immediate job creation and lasting economic benefits.

But do not stop there. If you do, these initial efforts will be all for naught, and all the energy and attention that has been given to these issues over the last few months will have been squandered.

Transportation may not be the flashiest policy area the government deals with, but it is one of the most important. If we fail to make this a national priority and invest the time, energy, and money our systems need, we will miss an opportunity to fuel economic recovery and solidify our competitive position in the world.

Thank you very much for the opportunity to be here today.

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Enclosure

U.S. Chamber of Commerce Recommendations to Congress Regarding SAFETEA-LU Reauthorization

Defining the National Interest and the Federal Role

- The U.S. Chamber of Commerce believes that federal transportation policy, programs, and resources should support U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense, which are compelling national interests.

Policy Objectives

Therefore, the federal government bears significant responsibility to ensure that efforts advancing the following policy objectives are prioritized and funded.

Modernization and Maintenance

- Highway, transit, and intermodal assets identified as being in the national interest should be brought into a state of good repair and modernized. Congress should outline a comprehensive plan involving federal, state, local, and private stakeholders to
    - define and identify highways, transit, and intermodal assets in the national interest,
    - establish performance measures to guide government investment, and
    - incorporate technology and safety upgrades, including open standards-based information technology, into modernization, maintenance and preservation activities to the greatest extent possible.

Safety

- The U.S. Chamber supports a continued federal role in ensuring a comprehensive, results-oriented approach to safety through national safety goals, performance metrics, and complementary plans to guide investment.

- Incentives should be provided for applying best practices and advanced safety technologies and equipment.

Freight Mobility

- A national freight transportation program for identifying and funding federal, state, and metropolitan efforts to ensure adequate capacity, reduce congestion and increase throughput at key highway, rail, waterway and intermodal choke points is needed.

- The program should include a national freight transportation plan built on performance measures and should include a comprehensive survey of key freight corridors and other assets.

- A national freight transportation plan should incorporate the development of new capacity, access routes to major water ports and airports, access routes to border crossings and international gateways, operational strategies to improve utilization of existing assets, and strategic intermodal investments to expedite freight movement.

- The plan should guide government project selection and prioritization.

- The program should not dilute other federal transportation priorities.

Urban Mobility

- Federal policy and programs should support congestion mitigation and improved mobility in urban areas by

    - providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities,

    - supporting public transportation capacity, availability and ridership strategies where appropriate, and

    - supporting increased highway capacity where appropriate.

Rural Connectivity

- Federal investment in small communities and rural areas should primarily support connectivity to major economic and population centers.

- Investment should be guided by national connectivity goals, population density thresholds, and standardized measures of access.

Environment and Energy

- Our country's energy goals will only be met by a commitment to technology innovation and to *all* types of available energy sources.

- Climate change policy choices have major economic consequences and should not be made without adequate opportunity for debate by lawmakers. Any and all policy decisions relating to the control or reduction of greenhouse gas emissions should be based on a complete understanding of scientific, economic, and social consequences, in order to ensure balanced industrial growth, economic progress, high-quality living standards, and a healthy environment.

- Any and all climate change policy decisions must

    - preserve American jobs and the competitiveness of U.S. industry,

    - provide an international, economy-wide solution, which includes developing nations,

    - promote accelerated development and deployment of greenhouse gas reduction technology,

    - reduce barriers to developing climate-friendly energy sources, and

    - promote energy conservation and efficiency.

- The voluntary use of all forms of public transportation that can be demonstrated to be energy efficient and cost-effective should be encouraged in a way that does not restrict individual choice among competing transportation modes.

- Strategies for improving air quality in regions of the country that do not meet federal standards (e.g., NAAQS nonattainment for a criteria pollutant) must recognize the importance of technological innovation and modernization of the economic base in achieving environmental quality, and must not place an undue burden on economic development.

Methodology

Program Consolidation and Accountability

- Federal programs should be reorganized and consolidated around specific, overarching national objectives to ensure that planning is more comprehensive and projects reflect the federal role.
- Project approval and funding should be linked to economic benefits and performance-based outcomes.
- Performance-based outcomes should be achievable and cost-effective for consumers and economically practical and feasible for industry.
- States and localities should be allowed to pursue solutions that work best locally to meet their unique transportation needs. If those solutions are implemented with federal funding, they should measurably contribute to addressing national interests.

Research and Development

- The federal government should support research, development, and application of improved technologies that
    - improve infrastructure design, construction, maintenance, financing, and operations, and
    - increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

Project Delivery

- The federal government should improve and make consistent the project review and approval process for all modal investments to ensure the completion of transportation infrastructure improvements in a timely and environmentally sound manner.

- The federal government must shorten the time it takes to complete environmental reviews and must support other measures to speed project delivery once they clear environmental review.

- The federal government should encourage private sector involvement to help expedite project delivery.

- Life cycle costs should be utilized in federal-aid projects where appropriate.

Funding

Federal Funding Levels

- Funding levels should be directly tied to fulfilling the federal responsibility in meeting the national interest.
- Current revenue streams are not sufficient to maintain federal-aid highway and transit programs at existing service levels, nor will they be sufficient to meet projected future highway and transit needs.
- Additional revenues are required, and the U.S. Chamber will evaluate funding levels in relation to proposed policies and programs that support the national interest and reflect an appropriate federal role.

Federal Revenue Principles

- A user fee-based trust fund, protected by budgetary firewalls, should be the backbone of federal highway and public transportation investment.

- Funding guarantees, which provide support for stable, long-term capital planning, should be maintained. General funds supporting transit programs should be guaranteed.

- Unobligated revenues should not be allowed to accumulate in the Highway Trust Fund beyond amounts necessary to meet cash flow requirements.

- Revenue mechanisms should be structured to ensure that the purchasing power of revenue sources keeps pace with inflation.

- Congress should develop a road map for a sustainable revenue model that maintains an equitable distribution across all system users, provides adequate and predictable revenue, and is administrable with minimal overhead.

- Funding allocations from the Highway Trust Fund should be strictly assigned only to transportation purposes.

Private Investment and Financing

- The federal government should encourage project financing and delivery approaches that attract private investment.

- The federal government should expand its role as a financing partner and a lender of last resort.

- Congress should lift the cap on private activity bonds for highway and transit infrastructure.

Earmark Reform

- Earmarks can undermine the integrity of federal transportation programs and should be limited if they
    - are not related to, or are only tangentially related to, transportation infrastructure,
    - do not address the goals of federal transportation policy, and
    - have limited or no national benefit.

- Any funds earmarked for specific projects in the next authorization should be obligated during the authorization period.

Conditions for Chamber Support of Increased User Fees

- The U.S. Chamber would support an increase in user fees if Congress advances a reauthorization bill that realistically achieves the following:
    - A refined federal role, oriented to achieve national interests.
    - Significant program reform emphasizing performance management and accountability to ensure that costs are minimized and benefits are maximized.
    - Improvement in the integrity of user fees by limiting earmarks and non-transportation spending.
    - New opportunities to access private sector funding sources.
    - The establishment of a road map for a sustainable revenue model.

United States Government Accountability Office

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Testimony
Before the Committee on Transportation and Infrastructure, House of Representatives

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REAL PROPERTY

Infrastructure Investment Presents Opportunities to Address Long-standing Real Property Backlogs and Reduce Energy Consumption

Statement of Terrell G. Dorn, Director
Physical Infrastructure Issues

GAO
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GAO-09-324T

Mr. Chairman and Members of the Committee:

We welcome the opportunity to testify on infrastructure investment in federal buildings, including energy-saving opportunities in federal building construction and repair and alteration projects. Federal agencies have identified billions of dollars in reinvestment requirements to maintain their aging facilities and bring them up to current standards. In addition, according to Department of Energy (DOE) estimates, federal agencies will need over a billion dollars annually through 2015 for projects needed to meet congressional energy efficiency goals. As the nation's single largest energy consumer, the federal government spent approximately $17 billion in fiscal year 2007 on energy use in buildings and vehicles. This total represents almost 1 percent of all federal expenditures for 2007, and these costs have risen in recent years. Our testimony today discusses the potential benefits that may accrue from infrastructure investment, including energy reductions within federal buildings, and principles that could help guide infrastructure investment. Our comments are based on our body of work on repair and maintenance and energy management issues associated with federal real property. A list of our related products appears at the end of our statement.

Infrastructure Investment Presents Opportunities to Address Long-standing Backlogs in Real Property and Reduce Energy Consumption

In January 2003, GAO designated federal real property as a high-risk area, in part because of deteriorating facilities and unreliable real property data. In 2007, we reported that major real-property-holding agencies, including the General Services Administration (GSA), and the administration had made progress toward managing their real property but underlying problems, such as backlogs in repair and maintenance, still existed. GSA, which serves as the landlord for most of the federal civilian government, held real property assets valued at about $36.4 billion in fiscal year 2007.[1] A good portion of these assets are more than 30 years old. GSA has also reported about $7 billion in capital reinvestment requirements over the next 10 years to address deficiencies it has identified in its federal buildings. Many of these deficiencies may be associated with older buildings that have antiquated heating and air-conditioning systems and electrical systems that need to be replaced with new, more efficient systems. In October 2008, we reported that the six agencies we reviewed

[1]Federal agencies, including the Department of Defense, reported holding real property assets valued at about $1.5 trillion and spending over $47 billion in fiscal year 2007 to maintain and operate these assets.

generally expected their backlogs to increase as the federal portfolio of real property continues to age and construction costs increase.[2]

The Chairman of the House Committee on Transportation and Infrastructure has recently proposed $10 billion for investment in federal buildings.[3] This investment could provide an opportunity to address some of the long-standing problems associated with the federal government's aging real estate portfolio and to protect the government's long-term investment. Addressing these needs sooner rather than later can be cost-effective because, as we have reported, postponing repairs and maintenance generally leads to higher operating and maintenance costs. These higher costs are generally attributable to inefficiencies in the older equipment as well as the more rapid deterioration of buildings and equipment that have already begun to fail. Undertaking repair and maintenance projects should reduce overall operations and maintenance costs in the future.

Infrastructure investment could also reduce energy costs and address important energy and water conservation measures as well as other measures outlined within the Energy Independence and Security Act of 2007 (EISA).[4] Among other things, EISA seeks to increase energy efficiency and the availability of renewable energy in federal buildings. According to GSA, about half of the agency's infrastructure needs involve the consumption and conservation of energy or water. Addressing these infrastructure needs could decrease energy consumption and costs and reduce operations and maintenance expenses. Furthermore, decreasing energy consumption in federal buildings may also lower their greenhouse gas emissions. Fuel types vary in the amount of greenhouse gases their combustion emits. For example, coal and oil emit greater quantities of greenhouse gases when they are burned than do other fossil fuels, such as natural gas. As figure 1 shows, about half (48 percent) of the energy consumed in federal buildings in fiscal year 2007 was electricity, and about half of the nation's electricity is generated from coal (49 percent), according to 2007 national data from DOE's Energy Information Administration. Thus, if the federal government reduced the amount of

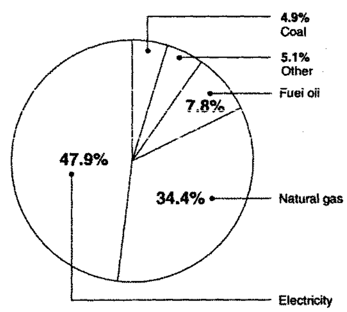
[2]GAO, *Federal Real Property: Government's Fiscal Exposure from Repair and Maintenance Backlogs Is Unclear*, GAO-09-10 (Washington, D.C.: Oct. 16, 2008).

[3]According to the Chairman's proposal, GSA would receive $9.7 billion ($6 billion for repairs and alterations and $3.7 billion for new construction), the Smithsonian Institution would receive $270 million, and the Architect of the Capitol would receive $20 million.

[4]Pub. L. No 110-140, 121 Stat. 1492 (2007).

energy it consumed in its buildings, the government could decrease its greenhouse gas emissions.

Figure 1: Energy Consumed in Federal Buildings by Energy Type, Fiscal Year 2007



Source: DOE draft data.
Note: Numbers may not total 100 percent because of rounding.

According to GSA officials, in keeping with EISA, GSA has begun to establish a program for accelerating the use of more cost-effective technologies and practices at GSA facilities. GSA officials said that such technologies and practices could reduce energy consumption within their facilities. In the spring of 2008, GSA reviewed the use of cost-effective lighting technologies in its facilities. GSA also indicated that it would evaluate the use of geothermal heat pumps in its buildings on a case-by-case basis as it undertakes major renovations of federal facilities.[6] Furthermore, GSA officials told us, GSA is using other cost-effective practices in its facilities, such as reducing the need for artificial light by maximizing the use of natural light, better insulating buildings, and installing green (planted) roofs, which can absorb carbon dioxide and reduce stormwater runoff while also insulating facilities. According to GSA officials, the principal barrier to improving the energy performance of

[6]Geothermal heat pumps can be used to heat, cool and, if so equipped, supply a facility with hot water by using the constant temperature of the earth as the exchange medium instead of the outside air temperature. Relative to air-source heat pumps, geothermal heat pumps are highly efficient, last longer, need little maintenance, and do not depend on the temperature of the outside air.

its existing buildings is the limited availability of capital for addressing a backlog of repairs and alterations that would improve energy or water conservation. GSA has been seeking to address this issue, in part, through an expanded, deliberate program to increase the use of alternative financing mechanisms—such as contracts with private companies that initially pay for energy improvements and then receive compensation from the agencies over time from the monetary savings realized from these projects—to meet energy goals. However, as our past work has shown, agencies entering into these contracts have not always been able to verify whether energy savings were greater than project costs. Furthermore, lack of expertise in energy management and high staff turnover may create challenges for negotiating and overseeing alternative financing mechanisms. Paying for energy efficiency improvements with up-front funding is generally the most cost-effective means of acquiring them and allows the federal government to reap the full benefits of the resulting savings.

GAO's Guiding Principles Can Provide a Framework for Infrastructure Investment Decisions

An infusion of funding provides opportunities but also brings the challenge of ensuring the funds are spent effectively and efficiently on projects that can offer the greatest benefits. In May 2008, we identified a number of principles that could help guide a reexamination of federal infrastructure programs. Three of these principles may be particularly helpful in guiding federal infrastructure investments:

- Create well-defined goals based on identified areas of national interest.
- Incorporate performance and accountability into funding decisions.
- Employ the best tools and approaches to emphasize return on investment.

While these principles can apply to any investment projects, applying them to energy efficiency projects, which can often provide long-term reductions in energy costs and environmental benefits, may help agencies better address the challenges they face in meeting their energy goals. We have identified these challenges in our previous work. As federal agencies move forward with infrastructure investment projects, having well-defined goals and plans can help agencies define what they seek to accomplish, identify the strategies they will use to achieve results, and determine how well they will succeed in achieving planned results and objectives. Updating these goals and plans will also be important to reflect changing circumstances. Furthermore, the plans should contain a number of key elements, including approaches or strategies for achieving goals and provisions for obtaining reliable performance data needed to set goals, evaluate results, and improve performance. Measurement of results is a key element of accountability. Specifically related to energy, agencies have faced historical challenges with collecting and reporting reliable data, in part because of limited metering in federal buildings. Reliable data are critical for agencies to assess their progress toward their goals and identify opportunities for improvement. Implementing the advanced metering requirement[6] in the Energy Policy Act of 2005[7] may give agencies an important tool both to verify the return on investment of building repairs and modernization and to identify additional opportunities for energy and cost savings. Finally, employing the best tools and approaches can increase return on investment. While alternative financing mechanisms have allowed the federal government both to implement energy-saving projects and to use up-front funding for other priorities, the proposed infrastructure investment could provide up-front funding for energy projects too, thereby allowing them to be implemented more cost-effectively.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Committee may have at this time.

Contacts and Acknowledgments

For further information about this testimony, please contact Terrell Dorn on (202) 512-6923 or dornt@gao.gov. Other key contributors to this testimony include Jean Cook, Maria Edelstein, Elizabeth Eisenstadt, Mark Gaffigan, Karla Springer, Gary Stofko, Lisa Vojta, and Nicholas Weeks.

[6]Advanced meters are capable of providing real-time data that feed directly into an agency's metering database, verifying savings from energy projects, and helping officials to identify potential energy-saving opportunities.

[7]Pub. L. No. 109-58, § 103, 119 Stat. 594, 608—609 (2005) (codified at 42 U.S.C. § 8253(e)(1)).

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JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

TESTIMONY

Before the United States House Committee on Transportation and Infrastructure

On the Passenger Rail Provisions of the American Recovery and Reinvestment Act of 2009

by
Governor Jim Doyle
State of Wisconsin

Thursday
January 22, 2009

Chairman Oberstar, Ranking Member Mica and Members of the Committee, my name is Jim Doyle. I am Governor of the State of Wisconsin and am here today representing the views of the States for Passenger Rail Coalition (SPRC). As you know, Frank Busalacchi chairs the States for Passenger Rail Coalition and is also my Wisconsin DOT Secretary. I am pleased to testify today on behalf of the SPRC and the need for funding in the American Recovery and Reinvestment Act of 2009 to address the nation's passenger rail needs.

First, let me applaud the efforts of Chairman Oberstar on the recommending a transportation package for stimulus package and President Obama and his team, who have worked painstakingly with Chairman David Obey of Wisconsin on the bill proposed by the House Appropriations Committee. I am optimistic that this bill will begin to address the needs of individuals, businesses and state and local governments as we work through the current economic recession and try to minimize its harmful effects on our citizens. I firmly believe that out of adversity comes opportunity, which is what this bill will mean to Americans.

Passenger Rail – The Missing Link in our National Transportation Network

Funding for passenger rail, but for Amtrak, has been substantially lacking in the federal transportation budget for decades. Since the 1940s, this country has disinvested in passenger rail while countries in Europe and Asia have made passenger rail the centerpiece of their transportation systems.

Late last year, Congress changed that trend by enacting the Passenger Rail Improvement and Investment Act (PRIIA), which represents a dramatic shift in national transportation policy. Specifically, Congress now recognizes the states as partners, not only highway and transit infrastructure, but also rail infrastructure.

Over five years, PRIIA authorized $1.9 billion for grants to states to support their efforts to build robust state-supported rail corridor networks to enhance the Amtrak rail network. PRIIA was a long awaited authorization bill for Amtrak and passenger rail, enacted in the spirit of bipartisanship, proving that transportation is not a partisan issue. The next important step is securing funding for the programs authorized in PRIIA from the Appropriations Committee.

States have long believed that passenger rail is the missing link in our national transportation policy. Wisconsin has been a leading advocate in this national dialogue, even when those who believed that passenger rail could be a funded priority by the federal government were few and far between. In the mid-1990s, a nine-state group in the Midwest developed the Midwest Regional Rail Initiative, a plan for state-supported passenger rail service in the Midwest. This coalition recently received a Federal Railroad Administration (FRA) grant to further refine the Midwest Regional Rail Coalition's planning and environmental work, which will allow the states in the corridor to develop their projects for construction.

The States for Passenger Rail Coalition (SPRC)

The States for Passenger Rail Coalition was formed in 2000. Its membership has grown to include 31 states and two authorities. Fourteen states support rail corridor services with their state funds, including Wisconsin. At least 35 states are developing plans for expansion of services or new services. States have funded many intercity passenger rail corridor improvement projects, providing track and signal improvements, grade crossing improvements, stations and operating equipment.

The SPRC has focused its advocacy on the following issues:

- Recognition in federal transportation policy and funding that passenger rail is a critical transportation element of the national and state networks and should be part of our intermodal transportation network.
- Provision of an 80 percent federal/20 percent state funding program for states to plan, design and implement passenger rail.
- An ongoing source of federal revenue to fund the program – again, similar to the highway and transit programs.
- Establishment of program and funding policies similar to highway and transit programs, which provide efficient and effective grant distribution to the states.

Without a strong federal partnership, only a handful of states will be able to develop and deliver passenger rail service. Other national policy goals are currently making the expansion of rail service an even more significant element of our transportation future. The nation needs a multi-modal transportation system that addresses the national priorities of energy conservation and global warming and provides funding for passenger rail that is predictable, stable and environmentally responsible.

Passenger Rail Needs

A number of national organizations have recently outlined passenger rail needs for the nation. Unlike the highway and transit systems, US DOT does not provide conditions and performance reports for the nation's passenger rail network; this should change and change soon. Amtrak has estimated the needs of the Amtrak System, and over the past decade, the states have recognized the value of passenger rail in addressing their mobility issues and have begun to implement service.

The National Surface Transportation Policy and Revenue Study Commission released its estimates [illegible] needs for the passenger rail network as part of its January 2008 report. Based on the [illegible] ail Working Group report, commissioned by the National Commission, the federal share [illegible] the network needs is estimated at approximately $5 to $6 billion per year. In its [illegible] n policy, the American Association of State Highway and Transportation Officials (AASHTO) recommends federal funding of $5 billion annually for passenger rail planning, design and [illegible] lopment. The AASHTO numbers were derived from the Passenger Rail Working Group analysis with further focus on states' passenger rail service planning efforts.

The states have been at the center of this passenger rail renaissance, investing our state transportation funds in corridors that enhance existing Amtrak service. Wisconsin has invested almost $7 million per year on operating costs associated with providing additional frequencies on the Hiawatha service between Milwaukee and Chicago. We share these costs with the state of Illinois, and this partnership has endured through changes in administrations in both states.

Ridership on the Hiawatha service continues to increase, even when gasoline prices fall. Year to date, the ridership on this line is almost 28 percent higher than the comparable 2007 timeframe.

Rail Funding in the ARRA

Over the past week, Congress has unveiled its stimulus legislation. I am pleased the draft Appropriations Committee bill provides an additional $1.1 billion for passenger rail – $800 million for Amtrak and $300 million for state investments. Rail advocates are grateful for the recognition of the need for passenger rail investment and the over $1 billion in new passenger rail funding provided by the Appropriations Committee.

This is a critical time to recognize the opportunity for expanding passenger rail. As indicated earlier in my testimony, states want to invest and, with the opportunity to carry out their plans with a federal partner, they will lead this nation on its path to a new era of passenger train travel. I'm thrilled to have an administration that believes in this promise as well.

SPRC Project List for American Recovery and Reinvestment Act (ARRA)

Some may question the ability of states to deliver projects in the timeframe recommended in the ARRA. While long-term investments are needed as well, the SPRC has identified over $1.6 billion in ready-to-go construction projects with completed environmental work or categorical exclusions, for which funds can be obligated within 90 to180 days. Wisconsin has $80 million in bonding authority just waiting for a federal funding partner.

The projects identified by the SPRC are "ready to go," defined by the following characteristics:

- Projects that have all environmental approvals under NEPA or "categorical exclusions" that can be more quickly obtained for routine work within existing rights of way;
- Capital maintenance activities such as tie replacement, that can be pursued and obligated quickly;
- Programmed grade-crossing improvements on passenger rail corridors that can also be obligated quickly; and
- Projects that can be done by freight railroad partners using their own staff or contractors. This "force account work" will allow fast obligation of funds through state-freight railroad agreements and contracts.

Most projects submitted by states are part of larger development plans to enhance passenger rail service and will provide capacity and operational benefits to both passenger and freight operations. Proposed projects include:

- Track improvements such as double tracking, welded rail and tie replacement to increase capacity and reliability;
- Sidings to allow fast passenger trains and slower freights to pass each other;
- Universal crossovers to provide capacity for shared-use corridor passenger and freight operations;
- Grade crossing safety improvements such as gates and lights;
- Advanced signal and train control systems to increase safety and operational efficiency of both passenger and freight rail operations;
- Station improvements; and

- Equipment rehabilitation and acquisition.

These projects will provide good paying jobs. They support corridor development plans, such as the Midwest Regional Rail System Plan, which have the potential to transform how we provide transportation mobility choices in the United States.

Perhaps the most short-term tangible benefit of spending on rail projects is the increase in good paying jobs. This is critically important at a time when the national unemployment rate is rising and as banks and major manufacturers cut tens of thousands of jobs. From engineers who design projects to the men and women who do track work in rights-of-way, rail investment provides a broad array of jobs, which call on a wide range of talents and skills.

Intercity passenger rail development also has long-term benefits to the national economy. For example, a study of the nine-state Midwest Regional Rail System shows the full development of this regional high-speed rail system arrayed around Chicago will produce 57,450 new permanent jobs and $4.9 billion in increased property values in the 102 cities served.

State Project Examples

To provide a clearer perspective on the types of projects recommended by the SPRC, let me outline briefly a handful of projects from the SPRC project list.

Wisconsin has $137 million in projects that can be obligated through agreement with Canadian Pacific Railway within 90 days. The projects will complete a substantial portion of the track improvements required to extend passenger rail service in the designated high-speed corridor from Milwaukee to Madison and to increase frequencies between Milwaukee and Chicago. The extension of service in this corridor is a key Wisconsin element of the nine-state Midwest Regional Rail System Plan for high-speed rail service. The proposed work includes all track, signal and grade crossing improvements between Milwaukee and Watertown about half way to Madison. Wisconsin has an FRA-approved "Finding of No Significant Impact" for the entire corridor from Milwaukee to Madison.

My last two budgets have provided state funds to support the state's goal of rebuilding the rail line between Milwaukee and Madison. Of course, our long-term goal is to complete the segments between Madison and Minneapolis and Madison and Green Bay – fans from Milwaukee and

Madison could travel to our support our state's football team on the "Packer Express." We will build it one segment at a time.

Michigan has $54 million in track, siding, crossover, and signal projects in Michigan corridors, including the designated high-speed corridor between Detroit and Chicago. Michigan trains already operate at speeds of up to 100 mph in this corridor using an advanced "Incremental Train Control System." A portion of this funding will be used to extend this signal system to the Michigan/Indiana state line, completing a 72-mile segment of the corridor.

The **North Carolina** Department of Transportation has $220 million in ready-to-go projects in the federally designated Southeast High Speed Rail Corridor (SEHSR). These projects will be conducted via existing agreements with the CSX Transportation Company, Norfolk Southern Railway, the North Carolina Railroad Company, and the North Carolina Department of Transportation. All of these projects are in the North Carolina State Transportation Improvement Program (STIP)

Washington DOT has $121 million in passenger rail improvement projects in the federally designated Cascades Corridor serving Portland, Seattle and Vancouver. These projects can be obligated within 90 days pursuant to a master agreement already in place with BNSF railroad.

California Capital Corridor Joint Power Authority has $10 million in projects in the Capital Corridor between San Jose, Sacramento and beyond. Four million is for track work and a universal crossover to increase capacity and service reliability. This work is being done as a part of a master agreement with Union Pacific Railroad. A $6 million San Jose station project matches $46 million in state, local and federal funds and can be obligated within 60 days.

The California Department of Transportation (Caltrans) has over $342 million in intercity passenger rail projects that can be obligated within 90 days, $258 million in projects that can be obligated within 90 to 120 days and $881 million in projects that can be obligated within 120 to 180 days. These projects are located on the Pacific Surfliner and San Joaquin routes. The projects will be implemented pursuant to master agreements already in place with Union Pacific and BNSF railroads. They are in the state's adopted STIP and are environmentally cleared at the State level.

Administrative Challenges at the Federal Level

The most significant challenge with ARRA funding for passenger rail may be the administration of discretionary stimulus grants by the Federal Railroad Administration and the USDOT. As far as we know, the FRA has not issued grant offers to any states, including Wisconsin, in its $30 million solicitation for the existing 50/50 grant program. Grants for this relatively new program were announced this past September.

The SPRC has recently met with FRA to discuss these issues and the response from FRA is positive. They recognize the challenge and have assured the states they are willing to work together to achieve the stimulus objectives. SPRC has specifically suggested that the FRA streamline its project review process along the lines used by FHWA, where states certify compliance with various federal requirements rather than FRA attempting to do so on a case-by-case basis.

Coalition members have also discussed with FRA that each of our freight rail partners has a unique approach to design and project documentation. FRA should defer to railroad expertise in this area rather than dictating a "one size fits all" approach that will slow projects down. Freight railroads have demonstrated their project delivery capabilities.

FRA has asked for a waiver on certain "Paperwork Reduction Act" review provisions, which can slow projects down. The Coalition supports this and other administrative refinements to streamline the project review and approval process.

FRA is willing to generously interpret P.L. 110-432 state plan conformance provisions to grandfather existing state plans in the interest of speeding projects along – a provision that state Coalition members strongly support.

Finally, the Coalition supports the FRA's use of NEPA "categorical exclusion" provisions where improvements are entirely within an existing corridor to reduce the time required for environmental compliance. The SPRC believes each of these issues will help provide an expedited project review and grants administration process. Ultimately, it is clear that as Congress invests more in passenger rail, FRA will need more staff to administer funds. This is a new business to FRA. They are working hard to achieve results, but they need additional administrative resources and SPRC supports FRA's efforts to secure these resources.

States are ready to be partners in the development and delivery of new passenger rail service in our nation. We have proven that the partnership works in the highway and transit modes. I hope we can maximize this golden opportunity to make a real down payment on a passenger rail system for the 21st century.

Testimony of

Stephen Fuller
Dwight Schar Faculty Chair and University Professor
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George Mason University

On behalf of

The Associated General Contractors of America

Presented to the

Committee on Transportation and Infrastructure
U.S. House of Representatives

For a hearing on Infrastructure Investment:
Ensuring an Effective Economic Recovery Package

January 22, 2009

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,000 of America's leading general contractors, and over 12,000 specialty-contracting firms. Over 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. AGC contractors are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, dams, water conservation projects, defense facilities, multi-family housing projects, site preparation/utilities installation for housing development, and more.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
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Thank you, Chairman Oberstar and Ranking Member Mica, for this opportunity to testify on Infrastructure Investment: Ensuring an Effective Economic Recovery Package. I am testifying on behalf of the Associated General Contractors of America (AGC), a national trade association representing more than 33,000 companies, including 7,000 of America's leading general contractors, 12,000 specialty contractors, and 13,000 service providers and suppliers. AGC is the voice of the construction industry. We strongly believe that investing in America's infrastructure will create jobs and revitalize small businesses.

My name is Stephen Fuller and I am the Dwight Schar Faculty Chair and University Professor and Director, Center for Regional Analysis, at George Mason University in Fairfax, Virginia. In 2008, I produced a study for AGC that estimated the impact of nonresidential construction on employment, personal earnings and gross domestic product (GDP) for the nation as a whole and for each state. AGC's fact sheets for the U.S. and each state are being submitted for the record along with this testimony. I have done similar research for the NAIOP Foundation of the National Association of Industrial and Office Properties and for the National Stone, Sand and Gravel Association.

My analysis shows that investment in nonresidential construction adds significantly to jobs, personal income, and GDP—far beyond the hiring that takes place in the construction industry itself. In addition, well-chosen investments add to the nation's productive capital stock and can improve the country's economic competitiveness, reduce energy use, and cut emissions of pollutants. For all of these reasons, investment in nonresidential construction should be a large component of an economic stimulus package.

My work for AGC looked at nonresidential construction as a whole. However, the results were very similar to those in my reports for the NAIOP Foundation, which focused strictly on office, retail, distribution and industrial building construction. Research performed for the Federal Highway Administration (FHWA) reported comparable figures for investment in federal-aid highway infrastructure.

In a nutshell, my research found that, when there are sufficient unused labor, capital and materials, an additional $1 billion of investment in nonresidential construction supports or creates 28,500 jobs and adds $3.4 billion to GDP and $1.1 billion to personal income. Only about one-third of the benefit accrues directly to the construction industry. Roughly one-sixth goes to industries that supply materials, services and equipment to the construction project. Fully half of the gain is diffused through the entire economy, as workers and owners in the construction and supplier industries spend their added income on a wide range of goods and services.

Current Conditions in Construction

Clearly, the condition today is that there is sufficient slack in the economy to create new jobs, rather than merely displacing workers in other sectors. The Bureau of Labor Statistics (BLS) reported earlier this month that private-sector employment declined in 2008 by 2.8 million workers, the largest absolute drop since 1945. Construction employment has tumbled by 899,000, or 11.6%, since peaking in 2007. While residential construction has shed the most workers, nonresidential construction has also lost more than 300,000 jobs in the past year.

Spare capacity abounds in construction supply industries as well. Employment has declined for six straight months in architectural and engineering services. The Federal Reserve reported on

January 16 that industrial production of construction supplies slumped 14% in 2008. Suppliers of construction equipment have gone from long lead times on deliveries a few months ago, to laying off idle workers now.

AGC asked contractors to answer a short survey in December about current conditions. Of 236 respondents, 169, or 72 percent, said they had laid off workers in the past 12 months as a result of the downturn. The typical response was a 30 percent reduction in workforce.

Impact of the Stimulus Bill on Construction

The American Recovery and Reinvestment Act, as introduced in the House last week, would provide funding for more than $130 billion of construction-related activity, according to AGC's analysis. The bill would fund $55 billion of building investment (including $10 billion for residential buildings), $44 billion of transportation projects, and $17 billion for water and environmental infrastructure. In addition, much of the bill's $28 billion of energy and technology funding would be used for construction.

Assuming that these funds would be disbursed ratably over two years, nonresidential construction spending would rise by approximately $65 billion a year under the bill. An investment of $65 billion per year in nonresidential construction would support or create roughly 620,000 construction jobs, 300,000 jobs in supplying industries, and 930,000 jobs throughout the economy.

In addition, other elements of the Act would add to demand for nonresidential construction. For instance, tax provisions that would stimulate construction include liberalization of rules for state and local bonds, new bonds for investment in "recovery zones," and a variety of new or extended energy tax credits. States would also receive fiscal assistance that would enable them to avoid cutbacks in construction that would otherwise occur at a time when more than 40 states are facing deficits that must be closely in fiscal 2009, 2010, or both.

Taking all of these items into account, it appears that the Act would generate close to the 678,000 construction jobs by the fourth quarter of 2010 that were estimated by economic advisers to President Obama in a paper the transition office released on January 10. That paper assumed a stimulus package totaling $775 billion, slightly less than the estimated $825 billion in this bill.

Construction Capacity to Handle the Stimulus

Although these amounts are large compared to previous federal funding, they are modest compared to the lists of "shovel-ready" projects compiled by several associations of public officials. They are also far less than the available capacity of the construction and materials industries, especially since the Act would spread investment across many types of structures.

The Census Bureau reported on January 5 that nonresidential construction spending in November 2008 totaled $742 billion at a seasonally adjusted annual rate. (Seasonal adjustment is a statistical technique to remove normal variation due to weather, holidays and other regularly recurring factors. Annual rate means the monthly total has been multiplied by 12 to allow comparison to full-year totals.) Thus, a $65 billion increase would equal less than 9% of current spending levels, well below the nearly 12% drop in construction employment or 14% decline in output of construction supplies that has occurred.

AGC's December survey showed that contractors could put the stimulus program to work quickly with many projects completed in less than one year. Roughly 85% of respondents would begin work within a month after a contract award, 30% within days. In addition, 73% of respondents said they would purchase new equipment if markets improved.

Additional federal infrastructure funding would have a direct stimulus effect by putting more contractors and their employees back to work. Properly directed spending would also improve economic efficiency and make the country more competitive in the long term. With an estimated $1.6 trillion needed to improve the nation's infrastructure over the next five years, the spending in this bill could easily be increased without exhausting either the capacity of the construction and supplying industries or the nation's need for additional infrastructure.

State-by-State Impacts

The impacts cited above show the benefit to the national economy from $1 billion of nonresidential construction investment. I also provided AGC with estimates for each state. To derive these results required a two-step process.

First, nonresidential spending and employment had to be broken out by state. The Census figures show only national totals. BLS produces state estimates for total construction employment but does not distinguish between residential and nonresidential employment at the state level. Therefore, to allocate employment, I used the average of three series for 2007: total construction employment (from www.bls.gov/sae), value of nonresidential construction starts (compiled by Reed Construction Data and provided to AGC for this study), and value of industrial, office, warehouse and retail construction starts (compiled by McGraw-Hill Construction and provided to me for my report to the NAIOP Foundation).

Second, the "multiplier" effects on indirect and induced jobs, personal earnings and GDP in each state came from the Bureau of Economic Analysis' RIMS II regional economic model. In addition, AGC divided jobs in each state between direct construction jobs, indirect supplier industry jobs, and induced jobs throughout the economy by applying the percentage split used in the FHWA study (34% direct, 16% indirect and 50% induced). These percentages appear reasonable to apply to total nonresidential spending, given that FHWA's estimate of total jobs (28,000 per billion of federal-aid highway spending) is so similar to what I found (28,500). AGC also included information in each state fact sheet from BLS on the change in construction employment from the peak month in that state to October 2008, as well as average annual earnings in construction, compared to all employees.

The state impacts vary but are somewhat less than the impact on the U.S. economy. The difference reflects the fact that $1 billion spent on construction in a state supports jobs outside the state as well as in it. The impacts vary from state to state based on how many construction firms and workers come from out of state, how much production capacity exists in the state, and how much of the induced spending is likely to occur in-state. However, each state also benefits from construction spending that occurs in other states. Thus, the national estimates reflect the total that occurs in all states from $1 billion spent in any state.

Summary

My research shows that at a time of unemployed workers and excess production capacity, each $1 billion of spending on nonresidential construction would support approximately 28,500 jobs, increase GDP by $3.4 billion, and add $1.1 billion to personal earnings. In addition, well-chosen projects add to the nation's productive capacity and economic competitiveness while reducing energy use and emissions of pollutants.

The American Recovery and Reinvestment Act as introduced in the House would add roughly $140 billion in spending over two for nonresidential construction in a variety of worthwhile categories at a time when the industry has lost 900,000 jobs and production of construction supplies has plummeted. Thus, there is sufficient capacity to absorb the added demand. On behalf of AGC, I urge that the Committee support passage of the Act.

AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.

The Construction Industry in the United States

The Economic Impact of Stimulus Investment in the United States:

- An additional $1 billion in nonresidential construction spending would add about $3.4 billion to the Gross Domestic Product (GDP), about $1.1 billion to personal earnings and create or sustain 28,500 jobs.
    - 9,700 of these jobs would be on-site construction jobs located in the state of investment.
    - 4,600 of these jobs would be direct and indirect jobs associated with construction supply materials and services. The majority of these jobs would be located within the state of investment, but there would be some out of state jobs supported.
    - 14,300 of these jobs would be created when construction, supplier and service providers spend their incomes. These jobs would be based in the state of investment and throughout the economy.

Construction Employment:

- In 2007, a total of 17.9 million jobs were supported by the direct and indirect outlays associated with nonresidential construction spending.
- The construction industry (residential plus nonresidential) employed 7 million workers in November 2008, a decrease of 899,000 (11.6%) from September 2006 when construction employment in the United States peaked.

Nonresidential Construction Spending:

- Nonresidential construction spending in the United States totaled an estimated $629 billion in 2007.
- This direct construction spending contributed a total of $1.4 trillion (10%) to the GDP of $13.7 trillion.
- In 2007, U.S. manufacturers shipped $500 billion in construction materials and supplies and $36 billion in new equipment.
- Direct construction spending added $662 billion in additional personal earnings.

Construction Industry Pay:

- In 2007, annual pay of all construction workers in the United States averaged $46,800, 5.5% more than the average for all private sector employees.

Small Business:

- The United States had 805,400 construction firms in 2006, of which 91% were small businesses employing fewer than 20 workers.

Source: Ken Simonson, Chief Economist, AGC of America, simonsonk@agc.org, from Prof. Stephen Fuller, George Mason University, and U.S. Government sources

For additional information, including impact on each individual state, visit www.agc.org/stimulus.

STATEMENT BY ASTRID C. GLYNN
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SUBMITTED TO
THE HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

JANUARY 22, 2009

Thank you Chairman Oberstar and Ranking Member Mica for the opportunity to submit testimony before the Committee on Transportation and Infrastructure on "Infrastructure Investment: Ensuring an Effective Economic Recovery Program".

New York State is fortunate to have one of the largest and most diversified multimodal transportation systems in the nation, providing essential mobility as evidenced by the following annual statistics:

- New York State's transportation network moves millions of people and tons of freight annually.
- This network includes over 113,741 miles of highways and 17,401 highway bridges over which more than 136.7 billion vehicle miles are driven annually.
- Five hundred thirteen public and private aviation facilities provide service to at least 85.4 million passengers annually.
- Four Port Authorities (NY/NJ, Albany, Oswego, Ogdensburg), Port of Buffalo and numerous private ports handle more than 150 million tons of freight each year.
- There also are 4,824 miles of operated railroads in the State, moving 34.5 million tons of freight originating and terminating in NYS and 76.7 million total tons carried in the state annually.
- About 1.5 million riders use Amtrak's Empire and Adirondack services, and over 8 million rail passengers pass through Penn Station using Amtrak service with an origin or destination within New York State.
- Over 130 public transit operators serve in excess of 7.1 million passengers daily.

Thanks to New York State's extensive support for public transportation, and with the support of the federal government, we have the lowest per capita use of energy for transportation of any state in the nation. Energy consumption per capita for transportation is approximately two-thirds of the national average.

During the recent debate over the need, size and structure of a potential federal economic stimulus and recovery program, the question has been asked whether states, localities and the construction industry can deliver a large infrastructure program quickly and create jobs to spur the economy. The answer from New York is an emphatic 'Yes' – We can, we must, and we are ready. Within a reasonable time after Congress settles on the funding levels and project criteria, New York can advertise, bid and award billions of dollars in transportation infrastructure projects that will not only create thousands of jobs but also provide real transportation benefits to the public. Based on discussions with my colleagues from other state departments of transportation, the rest of the nation is also ready to deliver.

New York is Ready to Deliver Transportation Projects for All Modes

Governor Paterson has our state positioned to quickly implement the federal Economic Recovery Program, particularly the infrastructure components. New York has ready to go projects for all transportation modes, including over $1.8 billion in highway projects, over $1.6 billion in transit projects, and many rail and aviation projects. Beyond the projects already identified by the Governor, we have been actively working with our Metropolitan Planning Organizations and local governments to identify many more local transportation projects that could qualify for Economic Recovery Program funding. Our intent is to implement ready to go infrastructure projects, regardless of who owns the infrastructure. Our cities, towns, and counties will be important participants and our partners.

Ready to go projects have been identified across the state, and more candidates are being added to help ensure every part of the state and every district benefits. Where possible, important projects that are designed, but only lack identified funding, are being accelerated. Ready to go projects include bridge repairs, rehabilitation, replacements; highway pavement restoration and resurfacing; and a broad spectrum of repair and replacement of other transportation infrastructure assets. They also include the purchase of clean fuel buses and other clean fuel vehicles; airport infrastructure improvements; and, projects that improve rail passenger service. Construction projects will add ADA accessible sidewalks and ramps, bike lanes and other transportation improvements that are consistent with long term, smart growth planning. These projects not only create construction and other related jobs, they also improve the condition of our critical transportation infrastructure that the public uses every day and is so essential to our state and national economy.

These projects will help commuters get to work, and help goods reach markets. They will keep bridges and highways open for emergency vehicles, school buses and other vehicles, avoiding costly closures and inefficient detours. Maintaining and expanding highway and transit connections for our elderly and rural populations will allow them access to health care and other essential functions. Improving the accessibility of our facilities will allow our disabled community to fully utilize our transportation system. Simple and low cost activities such as incorporating bike lanes into our highway reconstructions will promote use of this mode for travel and recreational use, both reducing dependence on the automobile and supporting a healthier lifestyle.

We have had continuous contact with our construction industry in New York and they are eager and ready to quickly deliver this Economic Recovery Program as well. We are working with them on expediting our engineering and administrative processes and they are mobilizing to take maximum advantage of additional federal infrastructure investment.

The federal Economic Recovery Program for transportation infrastructure needs to be significant and sustained. The stimulus benefit of this funding will not have a lasting effect on job creation and the economy unless overall federal infrastructure funding levels grow in the future. New York can implement our share of the expected levels of federal stimulus for each mode of transportation now being discussed in Congress. We could implement even more if Congress increases funding levels and provides flexibility to use these funds within reasonable timeframes.

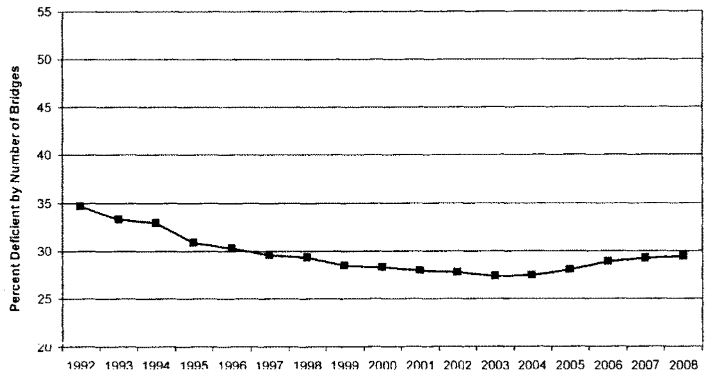
Just as important as the short term stimulus is the need for federal transportation funding to grow significantly in the near future through the enactment of the next multi-year surface transportation bill. SAFETEA-LU reauthorization needs to follow soon after the federal stimulus if we are to retain and increase the transportation jobs created through economic stimulus and continue to improve our transportation system to meet our economic needs. Reauthorization must also include restoring the solvency of both the highway and transit accounts of the Trust Fund.

Need for Transportation Stimulus

Recent reports prepared by AASHTO, APTA and other national organizations, and the findings of the two federally chartered national transportation policy and finance commissions, all cite the need for greater transportation investment to address infrastructure conditions and meet growing transportation needs. The need to increase transportation investment is very evident in New York. A NYSDOT study prepared last year cites the need to more than double investment if we are to have the transportation system we need.

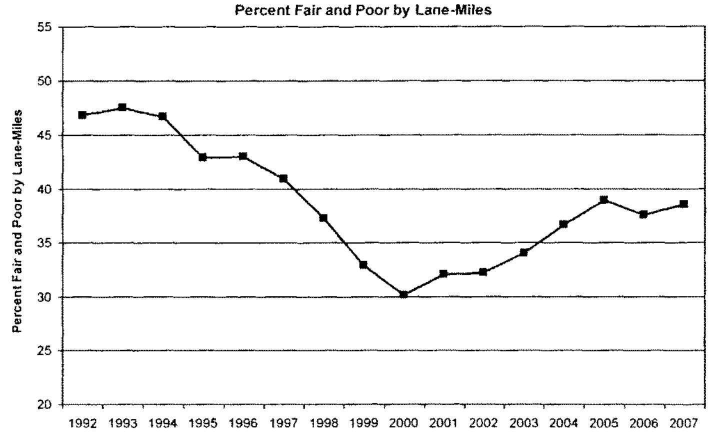
Despite increased federal funding from TEA-21 and SAFETEA-LU, and passage of a state transportation bond act in 2005, the condition of our highway pavements and bridges has been declining over the past several years as shown in the following two graphs.

State Highway Bridge Condition Trend
Percent Deficient by Number of Bridges



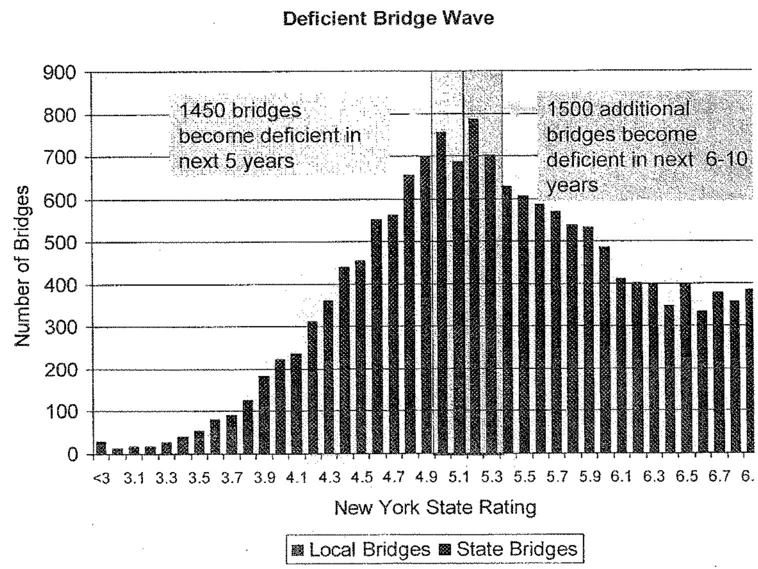
Data Source: Annual Official Bridge Condition Reports
Prepared by NYSDOT, Office of Policy, Planning & Performance

State Pavement Condition Trend
Percent Fair and Poor by Lane-Miles



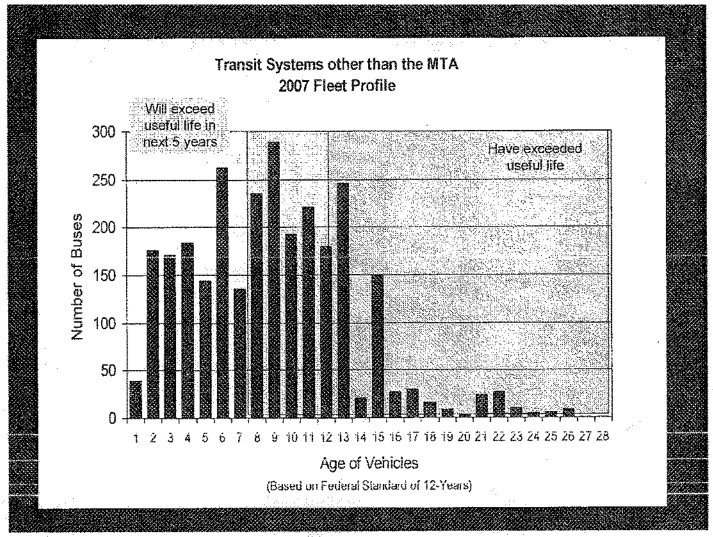
Data Source: Annual Pavement Condition Reports
Prepared by NYSDOT, Office of Policy, Planning & Performance

Although a significant portion of our capital program (over 42 percent) is targeted specifically for bridge investments, over the next few years an additional 1,500 bridges will become deficient if additional investments in preventive maintenance are not made (see graph below).



The condition of other transportation assets is also declining, including transit infrastructure components, and transit capacity has not grown to keep pace with current or future demand. While much has been done over the past two decades to address deterioration of New York's Metropolitan Transportation Authority transit system, much more remains to be done to modernize the 105-year-old subway system and the 175-year-old commuter rail network that combined serve over eight and one-half million daily riders. The MTA needs to replace nearly 600 subway cars and 440 commuter rail cars over the next 5 years. Over 3,000 buses will exceed their normal lifespan in that period and dozens of rail-elevated structures will need to be rebuilt or replaced. Additional transit system components such as track, stations and other 'invisible' infrastructure including signals and vent plants will need to be repaired or replaced in the coming years. While over three-fourths of the cost of this transit infrastructure investment has traditionally come from locally derived sources, today's national economic crisis has severely affected the state's ability to generate additional local financial resources to address these immediate needs.

Beyond the needs of the MTA system, nearly 600 transit buses throughout the rest of the state are currently past their useful life and more than 1,100 buses will need to be replaced in the next few years (see transit vehicle profile below for systems other than the MTA).



The Amtrak fleet operating in New York is more than 30 years old and in need of replacement and expansion to accommodate ridership growth. Aging track, signals, passenger stations and other rail infrastructure need to be upgraded to improve rail passenger service reliability and speeds.

These needs are not the product of lack of effort, but of escalating needs and costs. That escalation has created a gap between what we know we need to do and what we can afford to do. Evidence of that gap is a backlog of projects. Some of those projects are part of good asset management strategies (such as the preventive maintenance resurfacing of a portion of I-87 between Albany and Quebec); some reflect overdue remedies (such as replacing the structurally deficient Route 60 bridge over Harrison Street in the City of Jamestown in western New York, thereby maintaining a critical truck route); and, some are down payments on growth and community improvements yet to come (such as the Route 112 reconstruction project on Long Island). The Economic Recovery Program can go a long way towards making that backlog of promises into real projects that will bring jobs today and support jobs in the future.

The recent economic downturn and severe state fiscal situation has already constrained New York's ability to sustain its infrastructure investment, similar to many other states. New York's reliance on the financial sector of the economy for a large share of state revenues puts us in greater fiscal distress than most states. The lack of growth in federal transportation resources, particularly for highways, has contributed to the decline in infrastructure conditions. New York received among the lowest percentage increases in federal highway aid in the past two reauthorizations. While the federal Economic Recovery Program now under discussion is expected to provide us with the equivalent of one full additional year of federal highway aid, we hope to continue that progress through the next federal reauthorization. Infrastructure investment can be a powerful economic tool – particularly if it is sustained.

Benefits of Increased Investment

Beyond the often-cited job creation benefit of the proposed federal Economic Recovery Program, there are many other benefits as well. A significant transportation infrastructure stimulus will improve the condition of many transportation assets, such as roads, bridges, transit systems, rail passenger facilities and airports. The increased aid will help states implement asset management approaches to infrastructure investment, thereby combining preventive maintenance and capital reconstruction in a manner that maximizes the useful life of our facilities. More importantly, an asset management approach will reduce the future cost of infrastructure investment as facilities last longer before needing major rehabilitation or replacement. This is one of the areas where the Economic Recovery Program could be particularly beneficial since, all too often, the exigencies of present demand mean that we sacrifice the "prudent steward" investments that can save costs in the long run.

The Economic Recovery Program will enable NYSDOT to add preventive maintenance paving and bridge repair work throughout the state. For example, a concrete arch bridge rehabilitation contract is proposed to make key repairs throughout the Long Island parkway system, improving the structural ratings of many of the historic bridges and extending their useful life. And roads in virtually every county throughout the state will be resurfaced – not only providing a smoother ride but also, and more importantly, extending the time before major reconstruction is required and saving millions of dollars over the long term.

Increased investment now, especially in transit and rail, will also have a lasting environmental benefit, reducing energy use, greenhouse gases, and promoting smart growth. Rail service consumes less energy and reduces congestion and vehicle emissions compared to other modes of long-distance travel. A single intermodal freight train removes as many as 280 trucks from the highway system while using significantly less energy than highway travel. Railroads can move a ton of freight an average of 436 miles with each gallon of fuel. Intercity passenger rail uses 20 percent less energy per passenger mile traveled than automobiles and 17 percent less than airline travel. In addition, implementing transit-supported smart growth strategies can reduce transportation related greenhouse gas by up to 10 percent.

New York's economic recovery list also includes a project to replace the aging fleet of snow plows and other maintenance equipment with clean fuel vehicles. Hundreds of older, diesel maintenance vehicles would be replaced with modern vehicles with low emission engines. Significant investment in these projects through the Economic Recovery Program will jump start the "green" economy and allow us to have the environmental benefits of these projects before the next reauthorization.

The benefits of the federal Economic Recovery Program can accrue not just to the individuals who get the new construction jobs that are created, or those that use the transportation facility or service that is improved. The Economic Recovery Program can also affect a large and diverse group of skills, including small and disadvantaged businesses as well as the engineers who design the projects and inspect construction, and those who supply the transportation industries with material and specialized knowledge. Funds should be available to ensure a diverse workforce that is properly trained and has the skills for creating and maintaining a 21st century transportation system. Attention to this goal would be particularly timely since so many DOTs (including New York), and the industry as a whole are now depending on a workforce of baby-boomers that is nearing retirement. This is the time to invest in a new workforce that can bring new skills such as logistics analysts, energy specialists, climatologists and systems engineers to reinvent the American transportation system.

The economic recovery legislation should provide adequate additional resources for the highway surface transportation and technology training program under Title 23 USC 140(b). It should also ensure full participation by Disadvantaged Business Enterprises, including providing increased bonding assistance for DBEs under Title 23 USC 332(e).

Ensuring Effective Implementation

New York can deliver a significant number of state and local highway, transit, rail and airport projects within the "120 day to award" timeframe being discussed in Congress. If more time and flexibility is provided, more projects can be delivered over a longer period. While it is important to start strongly and immediately inject new capital and employment into our economy within 3 to 6 months, it will also be important increase federal funding over the longer term, in order to have a longer, sustained impact on job creation. More complicated projects that may have longer lasting job creation and public benefits may be 98% ready to go – but with final steps still needed. Providing sufficient time for states and localities to implement these projects later in the economic recovery period will ensure a longer lasting stimulus. Furthermore, providing time for MPOs and localities to advance new projects that can be implemented quickly through the federally required TIP process will allow these entities to obtain the maximum benefit from the Economic Recovery Program.

As Commissioner of a state department of transportation with multimodal transportation funding responsibilities throughout a diverse state such as New York, I would of course like to have as much flexibility as possible in the use of federal economic recovery funding to meet our state and local infrastructure needs. By providing states with the flexibility to use these funds where projects are ready for construction, and avoiding earmarking funds to specific projects, Congress can best ensure that the economic recovery funding will be used quickly to create the most jobs. I also believe that funding an initiative such as the Economic Recovery Program, with short deadlines for use, is best managed by a single statewide entity. If Congress decides to sub-allocate a portion of economic recovery funding and still have a short deadline to use or lose funding, I suggest that the states be given the opportunity to first use any sub-allocated funds within their state before those funds are returned to Washington.

The federal highway program has been around for nearly a century. The processes to deliver highway projects quickly are in place and FHWA has been a close and supportive partner in helping New York and other state DOT's in preparing for quick delivery of economic recovery funding. For example, FHWA has advised the states that one full year of federal highway funding can be added to the TIP and STIP immediately as potential economic recovery funding and still be considered as fiscally constrained. This will avoid the need to eliminate other projects from the TIP and STIP to stay in fiscal balance. We have requested that FHWA provide states with additional flexibility to use federal highway funding for expanded preventive maintenance activities and element specific bridge work, which has the dual benefit of accelerating these important infrastructure improvements and creating jobs faster.

Significant federal economic recovery funding is also needed for transit and rail. The program delivery processes for these modes can take longer than highway projects for a number of reasons. For example, rail projects normally cannot be delivered by a governmental agency alone, and need involvement and agreements with the private railroads. One such project that the state would like to implement is adding a second tracking from Albany to Schenectady, a critical link in the passenger and freight rail network. This project will require contracts with the railroads to install new track and signals, as well as the funding that this Committee is considering.

For transit projects, once FTA funds are apportioned, FTA Regional Offices must issue a grant to eligible recipients for planning, vehicle purchases, facility construction, operations, and other purposes. This process may take a little as three months, but it is not uncommon for grants to be issued in six months to a years' time. To address this issue and to streamline the administrative process, FTA may need to minimize the pre-award scrutiny of grant requests for routine eligible activities. We would suggest that FTA Regional Offices either identify categories of exclusions that can move quickly with minimal review and/or segregate out actions that can proceed independent of more complicated grant actions. Eligible routine activities would include: bus and rolling stock procurement; preventive maintenance; facility and station maintenance and improvements; transit-related equipment; operating assistance; and other similar type activities. Review of these activities and or exclusions would be deferred to the statutory review/audit phase to ensure appropriate accountability over Economic Recovery Program funds.

Several examples of better practice actions that Federal agencies can take to streamline the current process include:

- Permitting "change orders" to existing federal or non-federal contracts;
- Allowing Stimulus funding to be added to projects/procurements that don't currently have federal money in them;
- Permitting Job Order Contractors (JOCs) to be used for some of the maintenance-related work in lieu of new procurements;

- Authorizing the procurement of commodity parts - that would create U.S. manufacturing jobs - for longer-term and/or future projects; and,
- Working with the Department of Labor (DOL) to issue immediate guidance detailing and/or codifying the existing and under utilized flexibility within the DOL labor provisions (13-c).

The states will need the ready participation of the federal transportation agencies to help reduce the time it takes to implement economic recovery projects and thus deliver jobs and transportation benefits to the public faster. These agencies should see themselves as facilitators of the economic recovery investment rather than as just grant managers. It may even be possible for some of the "best practices" developed to expedite economic recovery funding to be integrated into the regular federal transportation programs in the future, and thus provide lasting efficiency.

In New York, we are already working both within our department and with our state control agencies to expedite our state project approval and implementation process to help ensure quick and efficient delivery of economic recovery funding while preserving accountability. We have also created working groups with our state and federal partners to do the same. We have reached out to MPOs and local governments to assist them in being ready to go once the economic recovery bill is signed. As mentioned previously, we are also consulting with the construction industry so that they are ready to bid and construct projects.

We realize and agree that economic recovery funding is intended to supplement, not replace, existing transportation funding. However, with most states having severe fiscal constraints from the national financial crisis and economic slowdown, maintaining past investment levels becomes somewhat problematic. Congress can be sure that the states will make every effort to maximize transportation investment from all available sources. We request that Congress recognize the current fiscal condition of the states and structure any maintenance of effort requirement in a way that is easily reportable and that is not more restrictive than the purpose.

We intend to be fully transparent and accountable in the use of recovery funds by making the lists of projects, the contract awards, the jobs created along with any congressionally requested reports publicly available on the designated recovery websites. In New York, we intend to use a risk-based approach, combining audits and assurance oversight activities, to help ensure accountability of these funds.

The proposed Economic Recovery Program offers the opportunity for the federal government to provide the needed investment in our transportation infrastructure at a time when the states are experiencing serious financial problems. The states and local governments have historically provided the majority of total transportation funding and will still provide the majority of funding even with this significant federal boost for capital projects. New York State has a history of building major transportation projects with state resources; that history dates back to the Erie Canal and the New York City subways and continues through to the legacy of Robert Moses and the construction of the

New York State Thruway in the 1950's. With this Economic Recovery Program, we look forward to adding to the best of those landmark projects.

Summary

In conclusion, New York and the other states, in cooperation with localities and the construction industry, are prepared to deliver a significant, broad and diverse Economic Recovery Program for transportation infrastructure. Diverse in the:

- Balance of transportation modal investments;
- Geography that it impacts;
- Policy goals that it will advance;
- Level of governments and agencies involved, providing equal opportunity for local projects that are ready to go;
- Businesses, large and small, that benefit from additional construction activities; and,
- Labor force that benefits from the federal investment.

We can wisely invest the federal funds that Congress will provide us in ready to go projects that create good jobs and have lasting benefit to the traveling public. We can deliver more projects across all modes if additional federal funding is made available and the corresponding time to use these funds is provided.

New York, and all states, continues to review our internal project delivery processes to address any impediments to quick and efficient implementation of federal economic recovery aid. We are also working with our federal partners to streamline implementation within existing rules.

The Congress can ensure that the Economic Recovery Program maximizes its effectiveness by:

- Providing states with the necessary flexibility consistent with the time constraints that Congress sets for spending these new resources;
- Including time for MPOs and localities to advance new projects through the federally required TIP process so that these entities are better able to benefit from economic recovery funds;
- Providing the ability for states to reallocate funding within the state before it is lost;
- Avoiding earmarking funds for specific projects, to best ensure that the economic recovery funding will be used quickly;
- Encouraging the federal agencies charged with implementing these investment programs to work cooperatively with states to deliver projects and jobs quickly within existing processes as Congress intends. Early cooperation, more than later enforcement, will help get the maximum benefit of the Economic Recovery Program, as will investing the new USDOT Secretary of Transportation with significant authority to move the program;
- Quickly following any significant Economic Recovery Program with a sustained increase in transportation infrastructure investment through surface transportation

reauthorization in order to maintain and expand the job creation of the stimulus program and continue the improvements to the nation's transportation infrastructure.

With these few simple steps and a strong determination to invest, Congress can ensure an effective Economic Recovery Program that has lasting benefits to the transportation system and the economy.

Thank you for the opportunity to present this statement.

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

WRITTEN STATEMENT FOR THE RECORD

SHARON JUON, EXECUTIVE DIRECTOR OF THE IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS AND PRESIDENT OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS BEFORE THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

WASHINGTON, DC
JANUARY 22, 2009

Thank you, Chairman Oberstar, Ranking Member Mica and members of the committee for the opportunity to testify today on the crucial role infrastructure investment plays in stimulating economic growth, especially in our nation's distressed and underserved communities.

Our testimony will focus on the potential leadership role that the U.S. Economic Development Administration (EDA) should play in the federal economic recovery package pending before Congress. However, we also wish to express our strong support for more robust federal investments in our nation's brownfields, environmental stewardship, public buildings, transportation and water infrastructure programs, as outlined in the committee's *Rebuild America* proposal. All of these critical infrastructure assets serve as fundamental building blocks for our economic competitiveness and quality of life at the regional and local levels.

My name is Sharon Juon. I am the Executive Director of the Iowa Northland Regional Council of Governments, headquartered in Waterloo, Iowa. I also currently serve as President of the National Association of Development Organizations (NADO). My professional background includes more than 30 years of economic development experience in both the public and private sector, including ten years in my current position.

The **National Association of Development Organizations (NADO)** provides advocacy, education, research and training for the national network of 520 regional development organizations, including the 381 multi-county Economic Development Districts (EDDs) designated and funded by the U.S. Economic Development Administration (EDA). NADO members—known locally as councils of governments, economic development districts, local development districts, planning and development districts, regional councils and regional planning commissions—are focused on strengthening local governments, communities and economies through regional collaboration, comprehensive development strategies and program implementation.

Our nation's regional development organizations manage and deliver a variety of federal and state programs. Based on local needs and priorities, programs may include aging, census, community and economic development, emergency management and homeland security preparedness, GIS, housing, small business development finance, transportation and workforce development. A policy board of local elected officials, along with business, education and citizen representatives, governs and sets the priorities for each regional organization.

The **Iowa Northland Regional Council of Governments** (INRCOG) is a voluntary association of local governments established by state law serving the member jurisdictions in Black Hawk, Bremer, Buchanan, Butler, Chickasaw and Grundy counties located in the northeastern region of Iowa. In addition to serving as an EDA-designated Economic Development District (EDD), INRCOG is responsible for coordinating, assisting and facilitating a variety of community and economic development, transportation, homeland security and emergency preparedness, housing and environmental programs that benefit local communities throughout the region. INRCOG manages both the Metropolitan Planning Organization (MPO) and Regional Transportation Planning Organization (RTPO) for our region, as well as delivers public transportation services.

First, Mr. Chairman, the United States must make substantial, strategic and sustainable public investments in our economic development infrastructure if we are to keep pace with our global competitors, address mounting global climate change and energy resource demands, and help our private industries and entrepreneurs compete on the world stage. Programs such as the U.S. Economic Development Administration (EDA) can play an instrumental role in creating short-term, high-quality construction jobs, while also acquiring the physical infrastructure and business financing needed over the long run to support and retain private sector firms and companies.

America's ability to maintain and grow a world class economy is directly linked to our ability to improve and modernize our infrastructure assets and systems. Unfortunately, we are falling dangerously behind our global competitors in the level of strategic infrastructure investments needed to uphold our nation's economic competitiveness.

As cited recently in *The Economist*, China is spending nine percent of its annual Gross Domestic Product (GDP) on infrastructure investments—many times above what America currently spends as a portion of our total economy. Most impressively, China's investments are targeted at building modern, world-class expressways, intermodal facilities and ports, high-speed rail, airports, transit systems and industrial parks. At the same time, the European Union, Brazil, India and other developed and emerging nations are also redoubling their efforts to implement aggressive infrastructure improvement programs.

As explained by a representative of Cambridge Systematic, Inc., before the Senate Environment and Public Works Committee last year, there are several reasons why infrastructure matters in today's economy, especially for the United States:

- **Consumption and Freight:** The U.S. population is expected to increase by nearly 80 million by 2035, consuming more goods and services. As a result, freight is expected to double by 2035.
- **Trade:** Within the United States, trade is expected to grow faster than our economy as a whole. By 2030, U.S. imports and exports will make up 60 percent of Gross Domestic Product (GDP), up from 27 percent in 2005 and approximately 10 percent in 1980s.
- **Supply Chain Management:** "Just in Time" delivery demands efficient and timely movement of parts and goods (i.e. Nike testified before the Senate EPW Committee in 2008 that an additional week of inventory costs the company $4 million.)

The United States can no longer take it for granted that entrepreneurs and private sector leaders will locate or retain their businesses in our country. In today's global economic environment, the private sector expects and demands to have access to modern, reliable and efficient infrastructure resources—broadband, energy, transportation and water and waste water. If our regions and local communities lack these essential amenities, private industry will locate or relocate almost anywhere across the globe where a nation, state or locality offers and possesses these fundamental assets.

The members of NADO thank you, Mr. Chairman and members of the committee, for recognizing this reality as part of your *Rebuild America* proposal to stimulate and revive the nation's economy through performance-driven, strategic and timely infrastructure investments. We are particularly appreciative of the $400 million recommended by this committee for EDA's job creation and retention initiatives. At a time when the nation's economic climate continues to weaken with each passing week and with every new round of corporate layoffs and bankruptcies, EDA could provide desperately needed resources to help distressed regions and communities with economic development infrastructure improvements, business development lending and comprehensive economic recovery strategies.

In June 2008 and again in December 2008, NADO surveyed the network of 381 EDA-designated Economic Development Districts (EDDs) to determine the backlog of potential "ready-to-go" EDA public works and economic adjustment assistance projects. We identified more than 600 projects, worth more than $2.3 billion, that are ready to progress to construction if EDA funding were made available. These projects would potentially leverage an additional $7.5 billion in private sector funding and generate or save more than 118,000 jobs, with an additional 22,000 construction jobs created as a result of EDA's investment.

These pending projects include essential community assets for economic development, such as water and sewer systems for technology, industrial and business parks; intermodal transportation facilities and port improvements; job training facilities, business incubators and energy-related upgrades at new and existing industrial parks; broadband networks to support businesses and public entities; and development finance loan funds for entrepreneurs and businesses struggling to secure traditional bank financing and to access private credit markets.

Second, Mr. Chairman, EDA is uniquely positioned within the federal portfolio of programs to assist distressed and struggling regions and local communities with economic development initiatives. As the only federal agency focused exclusively on supporting private sector job creation and retention efforts, EDA provides vital seed capital and gap financing resources for economic development, such as:

- Water and waste water treatment systems for industrial parks and other related business parks
- Broadband networks and fiber optic loops for underserved regions
- Rail spur and short-line railroad improvements and extensions, port and intermodal facility upgrades, industrial park access roads and other essential transportation-led economic development investments
- Job training facilities, business incubators and higher education learning centers for existing and emerging industries, including alternative energy workforce training and development
- Business development capital and lending through its national intermediary network of nearly 600 locally-managed Revolving Loan Funds (RLFs)
- Global climate change mitigation improvements through a new infrastructure development incentive program

As noted previously, EDA has a substantial backlog of "ready to go" economic development projects that have stalled due mostly to the agency's very modest annual budget. Using the agency's six regional offices and network of Economic Development Representatives, along with its long-standing partnerships with Economic Development Districts, University Centers and other state and local entities, we believe EDA could move its projects forward in an accountable, effective and transparent manner.

In addition to supporting the committee's $400 million funding request for EDA, the members of NADO also urge the Congress and administration to:

- **Waive the local match and economic distress requirements for EDA investments.** We are concerned that current federal and state economic and demographic data may lag significantly behind the current economic conditions of local communities. In addition, most state and local governments are currently unable to afford the regularly required 50 percent local match for most EDA projects.

- **Target investments to distressed and underserved regions, as well as those regions and local communities suffering from sudden and severe economic dislocations** caused by plant closures and downsizing as well as other private sector job losses.

- **Authorize the establishment of a "Corps of Retired EDA Executives and Professionals"** to provide short-term staffing to help the agency with its project review, grant processing and project oversight responsibilities.

- **Tap into the existing network of Economic Development Districts (EDDs)** to assist in identifying and vetting regional project priorities, packaging grant applications and ensuring project accountability and compliance.

Finally, Mr. Chairman, EDA is a federal agency with proven results, an established network of regional and local intergovernmental partners, and a flexible set of program tools to meet local economic development needs and conditions. EDA is uniquely positioned to play a key role in the federal economic recovery package since its investments help create short-term jobs (i.e construction) as well as generate high-quality, long-term private sector employment as a result of public infrastructure investments.

Since its inception, the agency has helped create in excess of four million private sector jobs and leverage more than $130 billion in private sector investments. In 2007 alone, according to EDA's annual report, the agency helped to create or retain more than 52,000 jobs, attract over $10 billion in private sector investments and create long-term jobs at an average cost of $4,000 per job, among the lowest rates in government. Since the agency's last reauthorization in 2004, EDA has created over 350,000 jobs at a highly-efficient average cost of only $2,500 per job. These are impressive accomplishments considering the agency has an annual budget under $300 million and that agency projects must be targeted to the nation's most distressed areas.

EDA's success stories span the country, as many distressed areas have relied on EDA investments to realize the economic development potential hidden within their communities.

In my region within Iowa, EDA has been a key partner on several important projects. Last year, our organization helped secure $1.5 million for the **Cedar Valley TechWorks project**, an initiative aimed at establishing a bio-products cluster in several old John Deere buildings that the company donated to non-profit organizations in the Waterloo area. Following the devastating floods last year, EDA provided $300,000 for our organization to hire **two full-time flood coordinators** for our region. These positions are desperately needed to facilitate communications among federal, state and local officials. They are also essential to coordinate projects and resources at the local level and to provide technical assistance to our local governments and communities who were impacted by the floods.

The **City of Valdosta, Georgia** in cooperation with the **South Georgia Regional Development Center**, received $745,500 from EDA. This was coupled with an additional $1.4 million in state and local funds to enhance road, water and sewer systems. The infrastructure improvements allowed for *Martin's Famous Pastry Shoppe, Inc®* to expand from its base in Pennsylvania to Valdosta to serve the southeastern United States. This resulted in the creation of 107 jobs, paying an average annual salary of $53,000, plus benefits, and leveraged an additional $49.7 million in private sector investment.

Since the Loring Air Force Base closed in 1994, the **Northern Maine Development Commission** (Caribou, Maine) has used its EDA-funded Defense Diversification Loan Program to make 49 loans totaling $5.2 million. These loans have resulted in the retention and creation of 2,137 jobs in this highly rural region and leveraged more than $44 million in additional funds. These investments have assisted existing businesses affected by the closure to modify their business models, stay in business, and retain and add jobs. It has also financed new businesses that have hired dislocated defense workers.

Earlier this year, the **City of Hamilton, Montana** and the **Ravalli County Economic Development Authority** received $1.6 million for a joint investment to support construction of the new Ravalli Entrepreneurship Center, which will enable the county to enhance its efforts to diversify the regional economy by growing the technology and bio-medical clusters and offsetting economic dislocations associated with the downturn in the forestry industry. It is part of a $3.2 million project that will help create 253 jobs and generate $11.8 million in private investment.

In the wake of the closure of a lumber mill, which eliminated nearly 300 jobs, in **Gem County Idaho**, the **Shadow Butte Development Corporation** received a $2 million EDA infrastructure grant to help develop a new regional industrial park, which generated another $11 million in private investment and so far has attracted 22 businesses with 156 new jobs

As noted in several new EDA project announcements, the agency is funding many cutting-edge projects related to technology development, alternative energy research and applications, brownfields redevelopment and freight movements in distressed areas and regions.

In 2008, the **University of Nevada Las Vegas (UNLV)** and Clark County, Nevada received $2 million in investment assistance from EDA to help construct a new research and technology park. The state-of-the-art research park will diversify the regional economy, while creating intellectual property and helping entrepreneurs compete in the global marketplace. This investment is part of a $4 million project that will help create 3,659 jobs and generate $187.5 million in private investment.

The **Regents of the University of California** received more than $205,000 from EDA to fund an in-depth study of the green economy in California. Three sectors will receive special emphasis: renewable energy (e.g., solar, wind, geothermal); green building and energy efficiency technology; and recycling and waste-to-energy technology. The study will analyze green industry clusters in different types of California's regional economies, from the distressed to the robust. The results of this study will be of use to state and local economic development planners nationwide.

The **City of Bridgeport, West Virginia** recently received $1 million in EDA public works assistance to fund a sewer system extension and other infrastructure necessary for the development of a new industrial park. The project will support medical research and development facilities and other businesses. It is a regional effort designed to benefit the six-county area served by the Region VI Planning and Development Council, which comprises Doddridge, Harrison, Marion, Monongalia, Preston, and Taylor counties. This investment is part of a $2 million initiative that will help create 400 jobs and generate $180 million in private investment within this highly distressed rural region.

Rusk County, Wisconsin recently received nearly $840,000 in public works assistance from EDA to fund infrastructure improvements required for a regional rail transshipment center and industrial park. The region has an ideal location for the transshipment center with an intersection of the Canadian National Railway with railways to the Midwest and to the Gulf of Mexico. The center will support the regional timber industry and the bio-fuel industries. This investment is part of a $1.6 million initiative that will help create 172 jobs and generate more than $3.8 million in private investment.

The numbers above provide a powerful reminder of the impact EDA's modest resources play in stimulating job growth and economic opportunity in distressed communities, especially in small urban and rural regions. We have routinely experienced over the years that even a relatively small federal investment can mean the difference in generating thousands of jobs and attracting hundreds of millions of dollars in new private investment. Programs such as EDA serve as an essential catalyst, whether as gap financing or seed capital, for private sector investments in local economic development projects.

EDA and its partners focus on the public infrastructure and facilities that are not only needed to support the private sector, but also required by businesses and industries to operate and succeed in today's global economy. Without public facilities and infrastructure such as water and sewer systems, broadband networks, business incubators, intermodal facilities and industrial parks, private industry will continue to locate or relocate to places outside of the United States where these essential amenities exist or are being developed. EDA stands as both an effective line of defense to ensure that America is able to retain critical jobs and as a useful tool to grow and incubate new jobs in distressed regions.

As the only federal agency focused solely on private sector job creation and sustainability, EDA is a vital resource within the federal portfolio for distressed communities striving to overcome sudden and severe economic dislocations and long-term economic decline. As Congress and the new Administration consider legislation to stimulate the nation's economy, vibrant and robust funding for the Economic Development Administration should be a significant component of this plan.

It is essential during these troubled economic times that we make sound, strategic and targeted used of limited federal, state and local funds. A key and unique component of EDA's success is that its projects are integrally linked to a comprehensive economic development strategy. This regionally-based, locally-driven process is used to identify the economic strengths and assets of a region, as well as prioritize and direct resources on viable and sustainable economic development activities. As a result, all of EDA's projects undergo a careful and systematic vetting process at the local and regional levels before they are even submitted to the agency's regional and headquarters offices for final approval.

In closing, the members of NADO respectfully urge the Congress and the new administration to amend the *American Recovery and Reinvestment Act of 2009* to include the $400 million recommended for the U.S. Economic Development Administration (EDA) by this committee in the *Rebuild America* plan. EDA has the economic development tools to serve as a vital job creation resource for communities looking to overcome these tough economic times. More importantly, our nation's local communities have mounting economic development needs and EDA needs the resources to assist its regional and local partners.

Thank you again, Mr. Chairman and members of the committee, for the opportunity to testify today. I would welcome any questions or comments.

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TESTIMONY

Association of State Floodplain Managers

before the
House Transportation and Infrastructure Committee

Infrastructure Investment
Ensuring an Effective Economic Recovery Program

Presented by
Larry A. Larson, P.E., CFM
ASFPM Executive Director

January 22, 2009

The Association of State Floodplain Managers is pleased to join in supporting investment in the nation's infrastructure as a way to stimulate the economy, to create and sustain jobs, and to address a national need to repair and upgrade our infrastructure so that it becomes sustainable for future generations. For those familiar with our previous statements this may seem to be a departure from our prior position, that infrastructure investments and maintenance are primarily non-federal responsibilities. We continue to promote local and state responsibility for these investments over the long term, but we also recognize the value and the win-win impact these federal investments will have on moving our nation forward through these difficult economic times – unlike any we have experienced since the Great Depression.

The nation has significant and well-documented needs for repairing, improving, and expanding many elements of its infrastructure. Because of our current economic situation, where the outlook is bleak and unemployment is rising, an economic stimulus package that creates jobs and funds needed improvements to our infrastructure in a way that is responsible and sustainable is both appropriate and necessary. We are grateful to the Committee for its leadership in exploring the important role that infrastructure work can play in our economic recovery.

The ASFPM and its 27 State Chapters represent over 13,000 state and local officials and other professionals who are engaged at the ground level in all aspects of watershed management, including natural hazards and natural resources. Their specialties include land management, mapping, water quantity and quality management, wetlands management, engineering, planning, environmental protection, building codes and permits, community development, hydrology, forecasting, emergency response, water resources, and insurance. Our state and local officials are the federal government's partners in implementing programs and working to achieve effectiveness in meeting our shared objectives. For more information about the Association, please visit http://www.floods.org.

Flooding is the nation's single most frequent and most costly hazard.

One critical element of the nation's infrastructure is what has often been referred to as "flood control," but now is more often referred to as flood risk management or "flood loss reduction". This terminology recognizes that humans cannot "control" floods and that natural flooding actually has many benefits to society and to our ecosystems. Flood risk management includes the structural projects (usually engineered levees, floodwalls, dams, artificial channels, stormwater systems, and other human-built measures) and non-structural approaches (mitigation, zoning, open space acquisition, insurance, retrofitting, and others) to reducing the vulnerability of people and property to flooding. As a component of an infrastructure-based economic stimulus package, funding for both non-structural and structural flood loss reduction projects will provide jobs AND provide long-term benefits to the nation, if they are carried out wisely.

Economic and environmental sustainability is critical to effective Federal investment in infrastructure.

The ASFPM believes that all projects funded in the stimulus package should meet basic project selection criteria to assure economic and environmental viability. These investments must:

- Create and sustain employment;
- Provide long-term benefits to the public;
- Produce measurable improvements in public health, safety, and quality of life;
- Be sustainable and cost-effective, considering life cycle costs – meaning that the long-term maintenance and upkeep costs of all projects need to be taken into account;

- Meet the economic and environmental considerations the nation demands of all projects;
- Be part of a process that has transparency and accountability; and
- Be part of a package that does not contain earmarks.

Federal investment in structural flood loss reduction projects has sometimes ultimately cost more.

We urge consideration of the lessons learned from similar investments of the 1930s so that long-term problems can be avoided. One such lesson is that infrastructure investment that fails to consider threats to life and property from natural hazards undermines investment choices for our communities and fosters the dependency of citizens on Federal taxpayer dollars in the form of disaster funds. This dependency encourages people and property to remain at risk and results in mounting federal costs over the long run.

Other past mistakes in flood control projects were demonstrated vividly during the flooding from Hurricane Katrina, in the Midwest, and elsewhere. The first lesson is that the 100-year level of flood protection is inadequate for urbanized areas. Larger events can and do occur, with catastrophic consequences to those living at risk, and to the Federal taxpayers. Second, although structural flood loss reduction projects may be a logical option to reduce flood losses in some existing, already-urbanized communities, structural projects should never be used to protect undeveloped areas when subsequent new development would increase the flood risk to citizens and the taxpayers in catastrophic events.

Many existing structural flood loss reduction measures are being overwhelmed by increasingly larger storms and floods, wherein the community suffers catastrophic damage with little resiliency to recover. In some cases, watershed development has resulted in more runoff and flooding that outpaces the structures' design levels. In others, maintenance procedures have been faulty. In many places floods and storms increase in intensity, catastrophic events damage the structures, or the structure has exceeded its useful design life. These circumstances have been exacerbated by the fact that communities have allowed development while relying, perhaps inadvisedly, on modest flood loss reduction structures that were not designed to protect urbanized areas, especially areas where development has been intensified because everyone erroneously thinks any structure protects the area from any event, even large, catastrophic floods.

The single-purpose structural solutions preferred by many residents and communities in past decades have brought drawbacks that often outweigh their benefits. These drawbacks include: encouraging "protected" development that may well be protected from smaller floods, but is subject to catastrophic losses in larger floods; the lack of public awareness of the residual risk associated with these structures; the non-stop expense and vigilance required for effective maintenance; and the virtually assured legal liability for property damage that will ensue should the facility's design standards be exceeded or the facility fails. Multi-purpose or comprehensive flood loss reduction must be the consideration applied to all projects funded under this package to assure sustainability.

Lawsuits over flood damage stemming from structural flood loss reduction measures have proliferated. As technology and knowledge increase our ability to predict the cause and degree of flooding, owners of structures are less likely to escape liability by offering an "act of God" defense. Additionally, flood insurance is not yet required for development in areas protected by structural flood loss reduction measures, so those people damaged by flooding are looking for someone to cover their losses. The very existence of a levee, for example, gives residents a false sense of security, and when it overtops or fails, the flood risk is transferred to the Federal taxpayers.

Non-structural flood-loss reduction measures are sustainable and they create jobs.

Most of the economic stimulus ideas mentioned thus far have been directly related to "brick-and-mortar" activities. Although these are very worthwhile, we urge Congress to also look at other projects that will save the country money and reduce human suffering over the long term.

Even though some projects are called "non-structural", they are still bricks-and-mortar activities that can immediately employ construction and trade people. Additional support to communities for the implementation of cost-effective mitigation projects is both much needed and would stimulate and provide high-value jobs in the housing and building construction, environmental protection, and community development sectors. With climate change and likely increases in impermeable land surface, we can expect both larger and more frequent floods and droughts. Our gut reaction has been to build more and larger dams and bigger levees. As you know, in many instances there are other more labor-intensive and more appropriate (sustainable) solutions to larger dams and bigger levees. We can store more water on the land and in rechargeable aquifers through non-structural approaches that support green initiatives such as various kinds of low impact development (LID). These are labor intensive approaches – building small catchments, wet gardens, green stormwater facilities, even re-establishing habitat. It can also include creating live-in detention basins on critical floodplains, removing levee systems or setting them back from the stream, and creating storage to reduce flooding and mitigate drought.

In 2008, a relatively light disaster year, the Federal government declared 52 statewide flood-related disasters that qualified states, communities, and citizens for billions in unbudgeted Federal dollars. Flood damages average over $6 billion per year. As a nation, we cannot afford to continually fund the cycle of build, flood, bailout, flood, and bailout over and over again. We need to turn this major funding into an opportunity to break this devastating cycle. An allocation of as little as 10-15% of the stimulus package to prevention activities will result in long-term annualized savings as a result of reduced disaster response and assistance expenditures for decades into the future.

We urge Congress to dedicate a portion of the economic stimulus package to activities that prevent future flood damage. Many studies have established the substantial benefit-to-cost savings of initiatives aimed at prevention of damage to infrastructure. These high benefit-to-cost projects could include: floodplain mapping, the production of nationwide LIDAR or digital orthophotography, and real-time flood warning systems to protect lives (which require an adequate streamgage network). These projects would meet the criteria of putting Americans back to work with good-paying jobs, thus stimulating the economy while also helping our communities become more resilient.

As a way of helping to revive the economy during the Great Depression, Federal dollars were programmed for conservation and outdoor recreation activities, with benefits that in many cases have outlived their hard-structure counterparts. Examples include soil conservation and erosion programs and controls, wind breaks, and national parks, trails, and other features. Today's stimulus package should embrace and duplicate these past successes. It should find ways to create and restore open space that will provide multiple benefits in the form of flood protection, enhanced water quality, habitat protection, and recreational opportunities.

Many local non-structural flood-loss reduction measures await only funding.

There are many non-structural flood mitigation projects across the nation that stand ready for implementation – all they lack is funding. These projects have been designed by the communities themselves, so they already have local buy-in and thus are assured of meeting an established local need. For example, FEMA's mitigation grant programs (both pre- and post-disaster) routinely receive far more project applications than can be funded at current levels. With more funding, these projects could be implemented rapidly with results of creating good jobs, reducing human suffering, and supporting safer communities. Typical non-structural projects proposed under such grant programs include elevating homes that have been repeatedly flooded, relocating buildings out of high flood risk areas to make room for rivers and coasts, and retrofitting individual buildings to reduce flood damages.

Apply existing hazard-mitigation standards when rebuilding damaged infrastructure.

FEMA should be required to implement hazard mitigation considerations when it approves federal funding for rebuilding infrastructure after a disaster (the policies and procedures are in place but are under-utilized). This will help the nation by forcing damaged infrastructure to be replaced with sustainable alternatives, rather than being repaired to its pre-disaster condition – which often re-establishes the conditions under which it failed in the first place.

Now is the time for action.

A year ago, the ASFPM Foundation invited 85 nationally recognized experts on flood risk management to consider the conditions our nation will face in 2050, and the consequences of remaining on our current path. Those experts concluded that, without dramatic shifts in our approaches and actions regarding consideration of natural hazards, by 2050 flood losses are likely to be far greater, ecosystems may well collapse, and the nation's quality of life will be diminished.

If we remain on the current path, by 2050 we will likely see:

- an additional 100-150 million people in the U.S., putting our total population at about 450 million people, all needing safe, sustainable communities to call home;
- increased urbanization, much of it in high-risk hazard areas;
- Federal discretionary money all but disappearing;
- people wanting more from government with less taxes;
- even more shirking of the personal responsibility for preparedness;
- loss of natural ecosystems – and collapse of some;
- more intensive and frequent storms throughout the nation (a byproduct of climate change);
- flood and hurricane losses that are even more horrific;
- sea level rise threatening coastal communities, businesses, and infrastructure;
- more degrading and failing infrastructure, that has been already ignored for 50 years (levees, dams, bridges, roads, water supply, and wastewater systems); and
- hope for sustainable, resilient communities could be forever lost.

Proposed projects for federal infrastructure investments should be considered carefully.

The draft House Recovery and Reinvestment bill identifies billions in funding for structural projects. The economic recovery package should provide funding to the U.S. Army Corps of Engineers or the Bureau of Reclamation only for projects that have a completed National Environmental Policy Act review, are in full compliance with other environmental laws, and have benefit/cost ratio that makes them a wise investment of taxpayer dollars. These factors ensure that the projects are environmentally sustainable and truly "shovel ready".

Many Federal water resource projects in the pipeline have not been completed because of very real questions about whether they are truly needed or whether their economic or environmental benefits are real -- not because of lack of funding. Congress should avoid waiving established cost-sharing, benefit-cost, or environmental requirements. Nor should Congress provide funds to commence construction of new high-cost projects that have failed to meet modern environmental and economic standards or have not taken future conditions into account. Some projects, such as beach nourishment initiatives, fail to meet a number of these considerations: in consequence, they should not be eligible because they lack long-term sustainability, create few jobs, and do little to foster the federal interest. Instead, Congress should invest in projects that enhance the local quality of life and protect natural systems – that is what will build a modern and healthy economy.

If the nation is to embark on an economic stimulus package with a major infrastructure component, the ASFPM strongly urges the following considerations in selecting projects for funding:

1. **Natural hazards mitigation must be built into each infrastructure project** so that all infrastructure investment reflects consideration of public safety and property loss reduction, both now and for future generations. It is essential to consider hazard mitigation in project site selection and design to allow the functionality of critical societal activities immediately after a disaster, and to minimize lengthy repair and replacement processes. Examples would include bridges designed to avoid debris pile-up or highways designed to manage, and not increase, stormwater runoff. Such considerations are not always part of project planning today, despite their obvious benefits in avoidance of unnecessary future damage and losses. A recent study by the National Institute of Building Sciences found that every $1 invested in mitigation yields $4 in future losses avoided.

2. **Critical infrastructure (hospitals, water supply, sewage treatment, bridges, key roads, schools, and key public buildings and facilities, etc.) must be protected from natural hazards so they are operable during or immediately after extreme events**. This is especially true for flood events, where protection to the minimal level of the 100-year flood elevation is increasingly being recognized as simply inadequate. At a minimum, a 500-year flood level of protection and operability should be the basic standard. All critical facilities must be built to the International Code Council (ICC) code standards, whether the local government has adopted such building codes or not. Events during the last three years have clearly illustrated the catastrophic consequences to life and property when these considerations are not included. Local, state, and national treasuries have been severely depleted, in part because infrastructure had not been mitigated against flood and coastal hazards.

3. **Sustainability should be emphasized when rebuilding our infrastructure.** If natural hazards and appropriate hazard events are not taken into account, the nation's taxpayers will be rebuilding this new infrastructure repeatedly, into the future. There may be instances where it is simply not sustainable to rebuild aging infrastructure (such as in very high risk hazard areas). In those cases, other options should be considered, such as relocation of at-risk buildings. Provisions must be made for ongoing operation and maintenance of structural infrastructure, and contingencies provided for in the event owners and operators fail to uphold their maintenance responsibilities. Improper or insufficient maintenance has led to failure, damage, and loss of life, and has resulted in many of the current repair needs. We must avoid the wasteful continuation of this problem.

4. **Federal monies should not place people or buildings at risk,** or contribute to increased flood risk. This requires consideration of not just today's risk, but also the risk from changing conditions, such as increased watershed development and sea level rise, as well as the effect on our coasts and rivers of increasingly intense storms. In addition, states and local governments are being trusted to be good stewards of this substantial federal investment, and should be required to meet this commitment.

5. **Federal dollars alone will not pay to rebuild and, especially, to operate and maintain the nation's new (and existing) infrastructure.** The basic financial commitments for cost sharing and funds for future operation and maintenance must be guaranteed for all projects. Contingencies must be provided for those situations in which states and local governments may be truly unable to meet their commitments.

6. **Allowing nature herself to mitigate flood losses is the least expensive and most sustainable approach to reducing flood damage and disaster costs.** It is essential to incorporate into these new infrastructure projects a consideration of the natural and beneficial functions of floodprone areas, including the coastal zones. The value of these areas, when they are allowed to function naturally, has been acknowledged officially and repeatedly. They prevent serious harm to people, the environment, and the public good, and therefore are worthy of substantial investment to assure their protection, restoration, and enhancement.

CONCLUSION

Communities across the nation are struggling in these harsh economic times and Congress must act responsibly to make sure that a project with only short-term benefits does not saddle a community with a costly long-term ecologic and economic mistake.

In conclusion, the Association of State Floodplain Managers strongly endorses the call for increased Federal investment in the nation's infrastructure at this time to provide much needed economic stimulus in a way that both creates jobs and contributes to our national and economic security by developing, improving, and repairing our infrastructure.

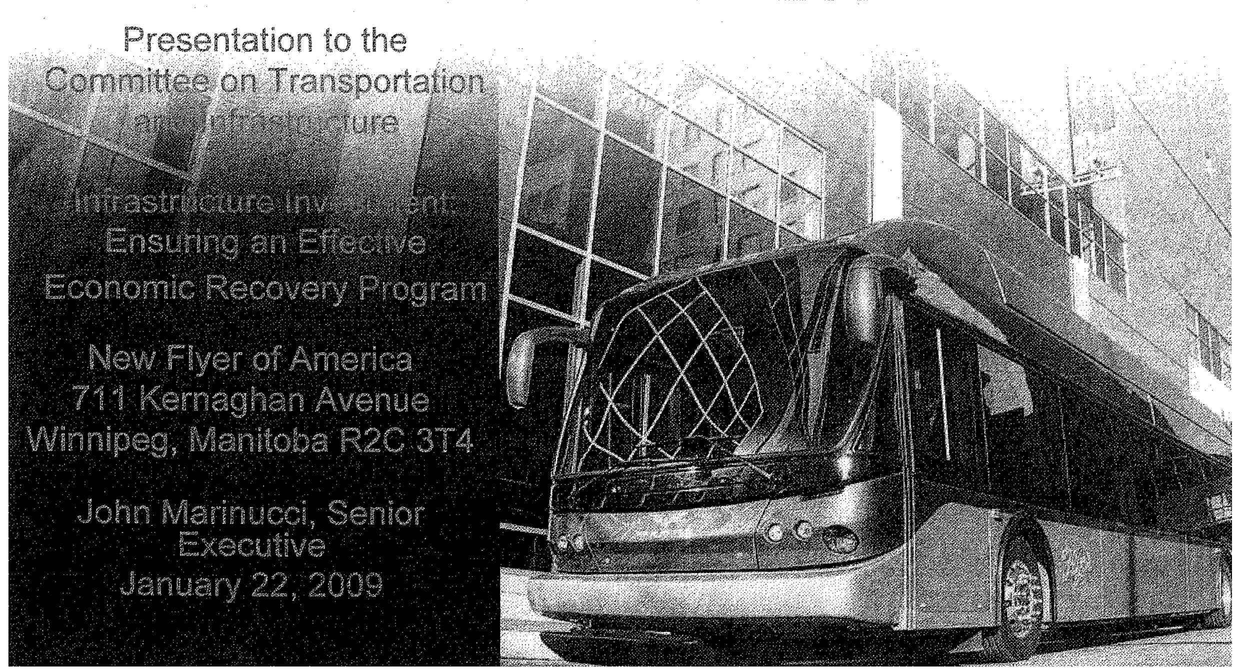
We strongly support a properly framed stimulus package for infrastructure, but we stress that this investment must include hazard mitigation in the design of all critical facilities and in all basic infrastructure. It must ensure that the projects in which the nation invests endure over time and are operable during severe weather events, emergencies, and disasters. The nation will benefit most from projects that provide the multiple benefits of reducing vulnerability to hazards while enhancing naturally functioning rivers and coasts.

Everyone deserves to live in relative safety from natural hazards that can be foreseen and may be mitigated cost effectively and sustainably. And that sustainability must apply not only environmentally and economically, but socially and culturally as well, with full consideration of public safety from frequently occurring natural hazards as well as human-induced threats. Now and in the future, that must be part and parcel of any sustainable community.

The ASFPM represents the federal government's state and local partners in the continuing quest to manage our infrastructure and watersheds wisely. Today, we once again stand at a crossroads. This is an opportunity for all of us to work together to help in the economic recovery in a way that will serve the nation for decades to come. Thank you for the opportunity to provide the wisdom and expertise of our members on these important issues. We look forward to working with you as we move toward these important common goals.

For more information, please contact Larry Larson, ASFPM Executive Director (608) 274-0123 (larry@floods.org).

NEW FLYER


Presentation to the
Committee on Transportation
and Infrastructure
Infrastructure Investment:
Ensuring an Effective
Economic Recovery Program
New Flyer of America
711 Kernaghan Avenue
Winnipeg, Manitoba R2C 3T4
John Marinucci, Senior
Executive
January 22, 2009

NEW FLYER

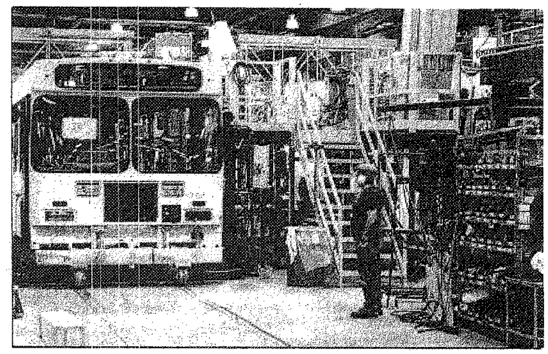
Presentation Outline

1. Introduction to New Flyer
2. Executive Summary
3. Bus Orders & Options
4. Investment Required to Convert Options
5. Job Creation Impact
6. Summary

NEW FLYER

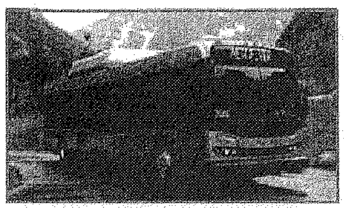
Introduction to New Flyer

- Established in 1930
- The leading heavy-duty transit bus manufacturer in North America with #1 market share position of 42%
- Manufacturing and assembly facilities in St. Cloud and Crookston, MN with approximately 1,000 US employees
- Parts distribution centers in Kentucky and California
- Ongoing relationships with 240 transit authorities including 19 of the 25 largest in North America
- Industry R&D leader - First to North American market with low-floor buses, articulating buses, natural gas buses, low-emission hybrid buses and all-electric rubber-wheeled trolley buses
- Currently Producing Zero-Emission Fuel Cell Propulsion Buses

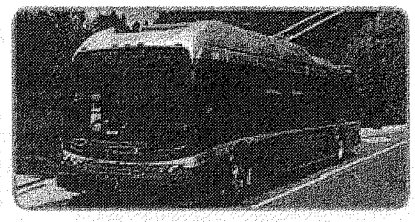


NEW FLYER

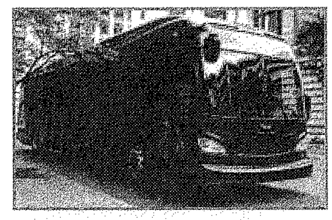
Broad Product Offering to Respond to Industry Demand



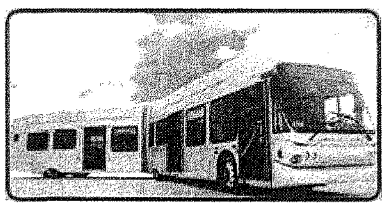
Diesel-Electric Hybrid



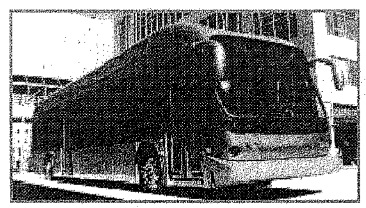
New Generation Electric Trolley



Xcelsior



Bus Rapid Transit (BRT)

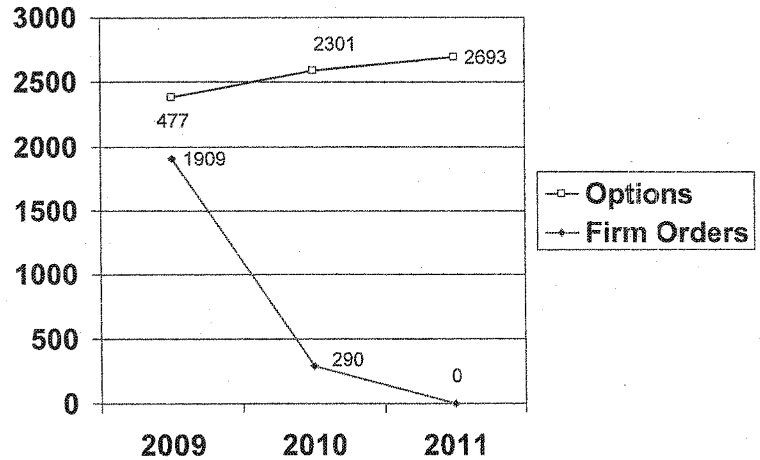


40' BRT with Continuous Windows

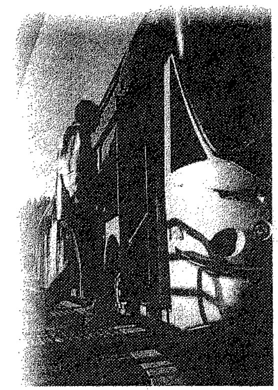
Hydrogen Fuel Cell

NEW FLYER

Existing Options of 5,471 Units that could be Committed to Firm Orders Resulting in Increased Production 2009 - 2011



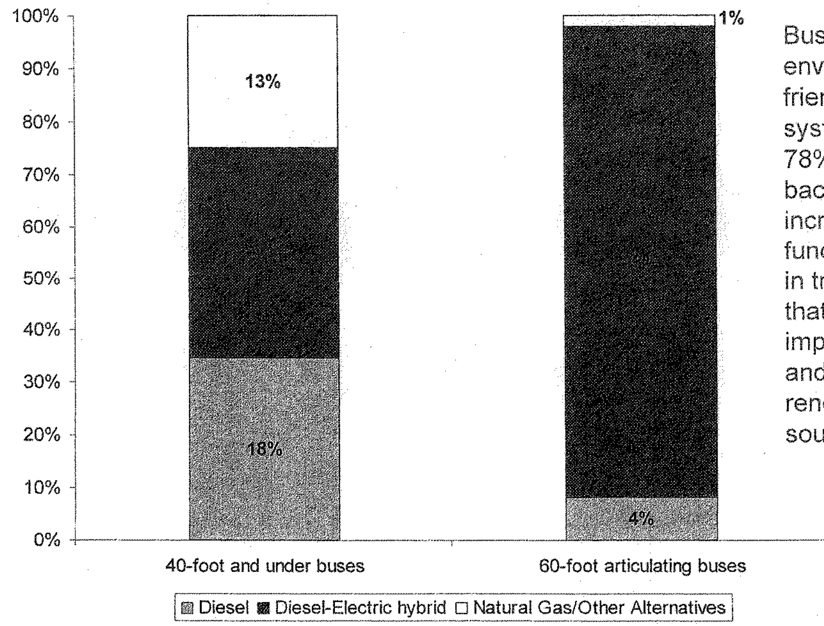
NF Management Estimates as at Jan1-09



New Flyer of America has 30 customers in 16 States under contract with options that can be exercised by the Agency or assigned to other agencies with an immediate need for buses.

NEW FLYER

Product Mix of Option Backlog



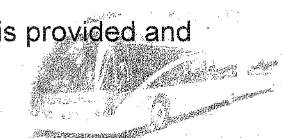
Buses with green, environmentally-friendly propulsion systems comprise 78% of option backlog – incremental funding will result in transit fleets that significantly improve air quality and conserve non-renewable sources of energy

NEW FLYER

Option Conversion Occurs more Quickly than the New Order Process, Resulting in Faster Job Creation

- Option Conversion (1 – 4 weeks)
  - Customer requests a re-price and delivery date using existing contract
  - Specification and commercial terms in place
  - Manufacturer submits a price, delivery date and other related documentation
  - Agency submits Purchase Order

- New Order Process (up to 6 Months)
  - Agency advertises solicitation, then publishes it to the market
  - Approved Equals Process engaged
  - Submission of proposals by manufacturers
  - Agency reviews and evaluates proposals
  - Final proposals are submitted
  - Agency makes a recommendation for award
  - Agency issues a purchase order once all documentation is provided and FTA requirements are satisfied



NEW FLYER

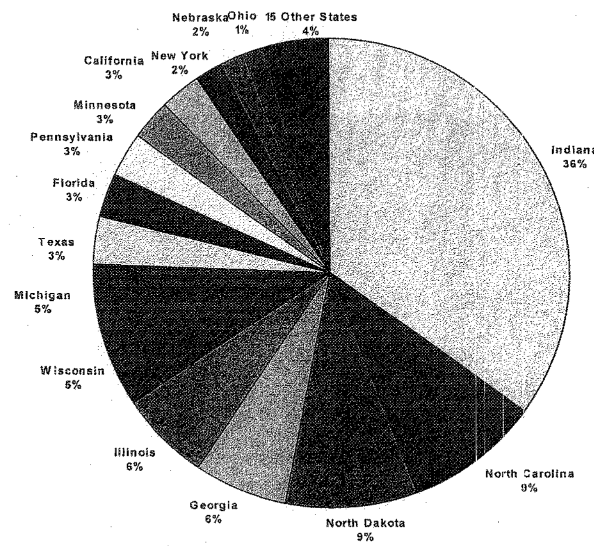
Subsystem and Component Suppliers Represent 70% of Bus Selling Price

Average New Flyer Bus

9

NEW FLYER

Solid US-Based Supply Network Provides 82% of Subsystem and Component Supply



2008 New Flyer Purchases of Components by State – Includes suppliers in over 30 US States

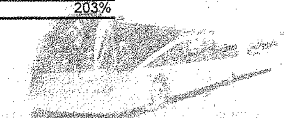
Strategic Suppliers located across the US

NEW FLYER

Significant Employment Sustained or Created Relative to Incremental Funding Provided

	2009	2010	2011	Total
Assumptions				
Options Available (Equivalent Units)	477	2,301	2,693	5,471
Average Price	400,000	400,000	400,000	400,000
New Flyer Revenue	190,800,000	920,400,000	1,077,200,000	2,188,400,000
New Flyer Market Share	40%	40%	40%	40%
Incremental federal funding %	20%	20%	20%	20%
Industry Requirements				
Total Funding Requirement	477,000,000	2,301,000,000	2,693,000,000	5,471,000,000
Incremental Funding Requirment	95,400,000	460,200,000	538,600,000	1,094,200,000
New Flyer Payroll				
Direct Payroll	11,925,000	57,525,000	67,325,000	136,775,000
Indirect Payroll	3,577,500	17,257,500	20,197,500	41,032,500
New Flyer Payroll	15,502,500	74,782,500	87,522,500	177,807,500
New Flyer Market Share	40%	40%	40%	40%
Manufacturers payroll	38,756,250	186,956,250	218,806,250	444,518,750
Estimated supply base multiple	5	5	5	5
Industry Payroll	193,781,250	934,781,250	1,094,031,250	2,222,593,750
Estimated Industry Jobs (man years)	3,876	18,696	21,881	44,452
Incremental Funding / Estimated Industry Jobs	24,615	24,615	24,615	24,615
Industry Payroll / Total Funding	41%	41%	41%	41%
Industry Payroll / Incremental Funding	203%	203%	203%	203%

Creates High Value-Added Knowledge-Based Employment



NEW FLYER

Summary

- New Flyer is the **largest** heavy-duty bus manufacturer in North America offering a broad range of environmentally-friendly products to service the market
- New Flyer currently employs approximately 1,000 employees in highly-skilled manufacturing and aftermarket services
- New Flyer has bus options available for agencies to exercise **immediately** or assign to other agencies
- New Flyer has approximately **6,800 option** units available with **30 transit agencies** in **16 states**
- Supports **44,450 man years** of work for skilled positions to the industry over a three-year period, labor represents 41% of incremental revenue generated
- One job is sustained or created for every $24,600 in incremental funding
- Includes subsystem and subcomponent suppliers
- Over **200 Component Suppliers** providing products to each bus covering **30 states**
- Subsystem and Component Suppliers represent **70%** of bus Selling Price
- Solid US Based Supply Network Provides **82%** of Subsystem and Component Supply
- Additional investment is required to stimulate option conversion resulting in significant job creation and maintenance

NACWA
A Clear Commitment to America's Waters

Testimony of Marian A. Orfeo, Director of Planning and Coordination, Massachusetts Water Resources Authority & President, National Association of Clean Water Agencies (NACWA)

House Committee on Transportation and Infrastructure
January 22, 2009

Infrastructure Investment: Ensuring an Effective Economic Recovery Package

The National Association of Clean Water Agencies (NACWA) represents the country's wastewater treatment agencies - environmental practitioners that serve the majority of the sewered population in the United States and collectively treat and reclaim more than 18 billion gallons of wastewater each day - and we are pleased that the proposed *American Recovery and Reinvestment Act of 2009* targets a significant portion of spending for traditional infrastructure projects for investments in municipal water and wastewater infrastructure. The package contains $11.8 billion for water and wastewater projects funded by the EPA State Revolving Fund Programs and the USDA's Rural Utility Service. In addition, the package targets funding for water resource projects through the Bureau of Reclamation, the Army Corps of Engineers and the Natural Resources and Conservation Services. Together, these investments could potentially generate over 500,000 jobs and help communities address their water resources challenges.

NACWA also believes that the economic recovery package could go much further in providing funding for infrastructure in general with a concomitant increase in funding for water and wastewater infrastructure projects. A stronger infrastructure-based recovery package would create much needed jobs in the construction industry which currently has an unemployment rate of over 15%, lay a solid foundation for future economic vitality, and protect public health and the environment. While the package's $6 billion targeted to wastewater projects within the Clean Water State Revolving Fund program is significant, NACWA members have over $17 billion worth of wastewater projects ready-to-go that can have shovels in the ground within 120 days of receiving the go ahead from their State agencies. On January 9th NACWA joined with other water sector associations to urge President-Elect Obama, Speaker Pelosi and Majority Leader Reid to include a minimum of $20 billion and as much as $40 billion in the economic recovery package for drinking water and wastewater projects and we still believe that this level of investment is both necessary and will have the greatest impact on jobs creation as quickly as possible.

NACWA is also pleased that the proposed spending for wastewater infrastructure through the Clean Water State Revolving Fund Program requires States to distribute fifty percent of the funds in the form of principal subsidy or grants, though our preference is for 100% of the funds to be available as grants. Grant financing will generate the greatest stimulative effect by making these funds more useful to communities hit hard by the economic downturn. In this economic climate, communities will hesitate to incur debt obligations because they could not pass on the cost of repayment to their ratepayers. If communities do not accept a loan, it would reduce the overall effectiveness and impact of the recovery package.

We also believe that all communities should have access to grant financing and that there be no targeting of these dollars to any particular set of communities. During this economic crisis, all communities face severe budgetary challenges and need assistance in rebuilding their economies through infrastructure investment. Alternatively, NACWA urges Congress to include language providing guidance to States on how questions of affordability should be determined for distributing grant financing received through this stimulus package. Too often, states use a single indicator tied to median household income to determine whether a community can afford loan financing for wastewater infrastructure projects. NACWA believes this formula is too simple and focuses on the individual ratepayer rather than on the overall financial capability of a community at-large to finance water quality improvements in the face of competing claims for environmental investments (e.g., air quality improvements). NACWA has worked with Senators Brown and Voinovich of Ohio to develop legislation which would provide more guidance to States on the question of affordability. The draft legislation suggests that a set of criteria - such as local unemployment rates, overall level of business activity, demographic information - be used in assessing a community's financial capability to afford traditional loan financing, not a single indicator.

According to the EPA, there is a $388 billion shortfall in the amount of funding communities have to fund their wastewater needs over the next twenty years and what they currently have available. The U.S. Conference of Mayors estimates that every dollar spent on wastewater infrastructure generates a return of 3-7 dollars that flow directly into the economy at-large. The U.S. Department of Commerce Bureau of Economic Analysis estimates that for each additional job created in the water and sewer industry 3.68 jobs are created in all industries.

The *American Recovery and Reinvestment Act of 2009* is a good first step in reversing years of declining federal investment in our nation's municipal clean water needs. However, it is only a first step. NACWA is pleased to be working with Chairman Oberstar, Congressman Blumenauer and Congresswoman Eddie Bernice Johnson on identifying a long-term, sustainable solution to financing our nation's clean water infrastructure and we look forward to making progress on this effort during the 111th Congress.

The National Association of Clean Water Agencies (NACWA)
1816 Jefferson Place NW, Washington D.C. 20036
Tel 202.833.2672 | Fax 202.833.4657

NATIONAL CONSTRUCTION ALLIANCE II

1,000,000 members and growing!

Vincent J. Giblin, General President
International Union of Operating Engineers

Douglas J. McCarron, General President
United Brotherhood of Carpenters and Joiners of America

Testimony of Raymond J. Poupore
Executive Vice President
National Construction Alliance II
1634 Eye Street, NW
Suite 805
Washington, DC 20006
(202) 239-4779

Transportation and Infrastructure Committee
U.S. House of Representatives
January 22, 2009

Thank you, Chairman Oberstar, Ranking Member Mica, and distinguished members of the Committee.

My name is Raymond J. Poupore. I am testifying on behalf of the National Construction Alliance II, a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners of America to support your efforts to revitalize America's economy. We appreciate the opportunity to join you today and welcome the new members of this committee. The two unions of the Alliance represent nearly one-million hard working American men and women. We build our nation's transportation and water systems, rail networks, airports, locks and dams, schools, power generation systems and the like, in a word: Infrastructure.

Experts tell us that we are in the worst economic downturn since the Great Depression. As the Chief economist for Moody's Economy, Mark Zandi put it "the economy is shutting down".

With all due respect to the experts, I do not need them to tell me how bad the economy is, I hear firsthand from my members who are ready and willing to work...but cannot find a job. As we look forward let's not forget what our forefathers did to make this country great. Lincoln gave us the Transcontinental Railroad, Roosevelt gave us the leadership to defeat the Great Depression through building infrastructure and Eisenhower gave us the Interstate Highway System. All of these investments to the nation's infrastructure made this the greatest, most productive country in the world. It is time to borrow a page from our forefathers' playbook and put hard-working Americans back to work by rebuilding the national infrastructure. Rebuilding the nation's crumbling infrastructure will provide workers with paychecks and dignity. It will increase our competitiveness in the global marketplace by stimulating our economy now.

As you have heard from other speakers, Mr. Chairman, the construction industry is in freefall. The unemployment rate in construction is over 15%. Over 1.4-million construction workers are out of work and looking for a job. Since its peak in September 2006, construction employment has fallen by 900,000 jobs. While the economic crisis started in the residential segment of the sector, the crisis has spread throughout the entire industry, leading to dramatic job loss in the heavy and civil engineering subsector in the last year. Just last month, this very important subsector lost 13,000 jobs. Overall, more than 100,000 construction jobs were lost in December. To put it simply, the financial crisis on Wall Street has affected all of us on Main Street.

Across the country, construction workers have borne much of the brunt of this economic crisis. Again, to quote Mark Zandi: "...the benefits of the stimulus should go first and predominately to those hurt most by the economy's problems." We couldn't agree more. Joblessness among construction workers is higher than in any other industry sector, except for agriculture. This decline will only get worse unless something is done.

Our nation cannot afford to keep losing construction jobs because they are the foundation of our economy. They provide family-supporting real wages to millions of workers, both union and non-union. The average hourly rate for a journeyman construction worker was $22.37 in December 2008. By maintaining and creating new construction jobs, we will prevent numerous foreclosures, allow more people to purchase homes and buy the fuel efficient cars that my home town, Detroit, is producing.

As you consider spending roughly $825 billion to boost the economy, the largest fiscal stimulus in American and, indeed, world history, it is important to remember the key role played by infrastructure investments compared to other strategies to revive the economy.

Infrastructure investments deliver a large stimulative effect, employing workers almost immediately. But the key point is this: every dollar invested in construction generates another $1.59 that flows through the rest of the economy. This multiplier effect is higher for infrastructure investments than for any other element of the recovery package under consideration, except for direct transfer payments (i.e., food stamps and unemployment insurance benefits). Slightly restated, investments in infrastructure have a broader effect and a bigger benefit to the economy than, for example, tax cuts— or any form of tax relief.

First and foremost, members of the Carpenters and Operating Engineers need paychecks. And the rest of the economy will benefit, not only in terms of the short-term job benefits and the associated multiplier effect but also by making an essential down payment in the competitiveness of the nation. Infrastructure investments are perfectly suited to the American Recovery and Reinvestment Plan.

We must not lose sight of the ancillary benefits that investment in the infrastructure brings to other areas of the economy. A spike in construction will provide a greater demand for construction supplies, equipment and machinery, architecture and engineering services, providing more opportunities for job creation in those industries and the industries they support. Thousands of small businesses across the country will benefit because they will be able to sell their products and services to construction workers, thus accomplishing our goal of moving our economy out of this recession and putting it back on the track to prosperity for all.

Both the Carpenters and Operating Engineers have first-class apprenticeship programs for those interested in achieving a career in these trades. It is through these various apprenticeship and journeyman upgrading programs that we develop the necessary skills to make our members the most productive workers on the planet with an opportunity to rise up into the middleclass and stay there......as long as one simple fact is addressed.....they have a JOB.

According to the 2008 Mayors' Action Forum on Infrastructure, China and India are spending three to four times what we do as a share of their total economy on infrastructure investments. Those countries understand that the investment in infrastructure is essential in a global economy. Failing to significantly invest in our infrastructure will mean jeopardizing American economic dominance in the future.

Starting to improve our country's infrastructure will do more than merely address our immediate economic pain; it will help get America moving again. The cost of traffic congestion wreaks havoc on American families and businesses, exacerbating problems with air pollution, reducing quality of life, and costing billions of dollars in wasted time. Modernizing roads, bridges, transit and waterways will lead toward long term energy cost savings and immeasurably improving the quality of life for millions of Americans.

We must also factor in our country's safety. During the last three years, our country suffered the tragedies and embarrassment of the New Orleans levees failing during Hurricane Katrina and the collapse of the I-35W Mississippi River Bridge in Minnesota that killed thirteen people. Despite these tragic events, the levees in New Orleans remain inadequate and unsafe; thousands of bridges across the country are decaying and are in danger of collapsing. Investing in our country's infrastructure will save lives.

Mr. Chairman, Americans urgently need work. An investment in infrastructure will deliver real jobs, with real paychecks, in the real economy. To those that fear passing this stimulus package, as Franklin Delano Roosevelt said, "the only limit to our realization of tomorrow will be our doubts of today."

We urge that the Committee support the enactment of a stimulus bill with an infrastructure component along the lines proposed by Chairman Oberstar. As the U.S. Department of Transportation has stated, for every $1 billion invested in surface transportation infrastructure over 30,000 jobs are created in construction and the overall economy. Mr. Chairman and members of this committee, thank you for the opportunity to offer this testimony. We are eager to continue to work with you in this new 111th Congress. We know that members of this Committee are focused on getting Americans back to work and building the infrastructure of tomorrow.....today. We share the Committee's focus. Thank you very much.

PCA

Statement of the Portland Cement Association
Before the House Transportation and Infrastructure Committee
Delivered by Ed Sullivan, PCA Chief Economist
Thursday, January 22, 2009

Thank you Mr. Chairman for providing PCA the opportunity to share the cement industry's perspectives on the need for infrastructure investment. PCA is pleased to share the industry's views on its capability of meeting these U.S. infrastructure needs.

Portland cement is the binding agent that gives concrete its strength. Concrete is a requirement in virtually every type of construction. Roughly half of all cement consumed in the United States is used by the public sector for the construction of roads and highways, schools, sewer and water treatment projects.

The Portland Cement Association (PCA) represents 97% of domestic cement manufacturers. There are 45 companies operating 106 plants in 35 states and operates distribution centers in all states, virtually one in each Congressional district.

Key Assessments

The United States cement industry has more than enough supply potential to feed even the most optimistic infrastructure spending program. This assessment primarily reflects weak prevailing demand conditions resulting in the ability to tap idle capacity as well as the most aggressive capacity expansion effort in the industry's history. Combining domestic and foreign sources of potential supply, the United States is capable of supplying nearly 130 million metric tons of cement in 2009 and more than 150 million metric tons by 2012. Use of blended cements could increase this potential by an additional 25 million metric tons in both years. This supply potential is compared to 95 million metric tons consumed in 2008 and an estimate of 81 million metric tons for 2009.

Cement Supply

The portland cement industry in the U.S. has an estimated domestic cement capacity of 102 million metric tons. In addition, the industry is currently engaged in aggressive capacity expansion. By 2013, this investment will increase capacity nearly 25% over 2007 levels.

Aside from domestic supply, the industry operates roughly 125 import terminals with an import capacity of 45 million metric tons. With the onset of weak global economic conditions, freight rates have declined significantly and ship availability has improved since mid-2008 – making imported cement more economically viable than in more than six years.

Finally, economic distress has generated roughly 3 million metric tons of excess inventory in temporary storage, which could be drawn down quickly in support of improved demand conditions.

Cement Demand

The U.S. economy faces severe near term challenges. Left unchecked, existing cyclical and structural conditions could result in a long and deep economic contraction. Lacking fiscal intervention PCA estimates the economy would decline 2.7% during 2009, followed by a more modest decline during 2010. Under a "no stimulus" scenario, cement consumption declines 15% during 2009 followed by an 8% decline in 2010. Subdued growth materializes thereafter.

A stimulus plan with emphasis on infrastructure would brighten demand conditions facing the United States cement industry. According to PCA's assessment, a stimulus plan could increase cement consumption 6 million metric tons in 2009, 17 million metric tons in 2010 and 18 million metric tons in 2011.

PCA Cement Projections: Stimulus Impacts				
	2008	**2009**	**2010**	**2011**
No Stimulus	95.6 MMT	81.1 MMT	74.7 MMT	79.4 MMT
- Percent Change	-13.2%	-15.1%	-8.0%	+6.3%
With Stimulus	95.6 MMT	87.4 MMT	92.1MMT	97.4 MMT
- Percent Change	-13.2%	-8.6%	+5.3%	+5.8
Stimulus Impact	0.0	+6.3 MMT	+17.4 MMT	+18.0 MMT
- Percent Increase	----	+8.4%	+23.3%	+22.6%
Source: PCA				

Market Imbalances

Potential market imbalances are generated by either changes in consumption, capacity or both. The current combination of declining cement consumption and increases in capacity will create potential market imbalances that could constitute the largest and longest lasting in history. Based on PCA's estimate of cement consumption and announced capacity expansions, market imbalances could reach in excess of 23 million metric tons in 2009. Lacking a stimulus, future imbalances could be larger.

Imbalances that are expected to characterize the market during the next two years may result in elevated inventories, import reductions, prolonged maintenance downtimes, lower utilization rates, plant shut-downs, and potentially the delay of new plants coming on-line.

Thank you Mr. Chairman, that concludes my remarks. I would be happy to address any questions. (Ed Sullivan, esullivan@cement.org (847) 972-9006)

Testimony of

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Infrastructure Investment: Ensuring An Efficient Economic Recovery Package

House Committee on Transportation and Infrastructure
Room 2167 Rayburn House Office Building
Washington, DC

January 22, 2009 • 10:00 a.m.

Thank you Mr. Chairman for the opportunity to appear before this hearing. I am Jim Weakley, President of Lake Carriers' Association, and 1st Vice President of Great Lakes Maritime Task Force. LCA represents 16 American companies that operate 63 U.S.-Flag vessels on the Great Lakes. In 2008, our members hauled more than 100 million tons of cargo.

GLMTF is a labor/management coalition that represents 81 companies and organizations that are involved in virtually every aspect of Great Lakes shipping. Obviously, investing in America's maritime transportation infrastructure is key to our collective futures.

More importantly, investing in America's maritime transportation infrastructure is key to America's future. Transportation is the conduit that keeps the economy moving. Waterborne commerce is an integral part of our transportation system. The domestic cargos hauled by U.S.-Flag vessels on the Lakes, Rivers and Coasts routinely top 1 billion tons a year. And of course, the vast majority of our imports and exports are moved by ships of all flags. Without an efficient system of ports and waterways, America's economy cannot survive.

Transportation by the various modes provides "connectivity" between centers of economic activity. Any planner can talk about the need to protect people, places, and equipment. They can also tell you about the need to defend the connections among those assets. Communication networks, supply lines, and transportation choke points are just as important as the locations forming the system. Without strong connections, everything is risked.

Great Lakes vessels move iron ore from Minnesota and Michigan to steel mills in Indiana, Ohio and other states. We do this along established supply routes that depend on our "Rock of Gibraltar," the locks at Sault Ste. Marie, MI. This choke point contains a single point of failure, the Poe lock, that allows vessels 1000 feet long and 105 feet wide to pass from Lake Superior to the Lower Lakes. Seventy percent of U.S.-Flag carrying capacity, along with the steel mills and power plants they supply, depend on that infrastructure. Our national security interests, both economic and military, depend on our ability to move our natural resources to our manufacturing centers of economic activity.

Testimony of
JAMES H.I. WEAKLEY, PRESIDENT, LAKE CARRIERS' ASSOCIATION
1ST VICE PRESIDENT, GREAT LAKES MARITIME TASK FORCE

Infrastructure Investment: Ensuring An Efficient Economic Recovery Package
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During World War II, the United States considered the Soo Locks so important to the war effort that 10,000 troops were stationed there to protect them. We were fighting a two-front war. We did not keep 10,000 troops in Michigan's Upper Peninsula because we had soldiers to spare. Loss of the Soo Locks would have meant unconditional surrender to Hitler, Mussolini, and Hirohito, and our leaders knew it. Our national security has always depended on the reliability of our transportation infrastructure.

Efficient transportation results in an economic multiplier of infrastructure investment. Efficiency can be measured based on the ratio between inputs such as fuel, capital, and people, or time and outputs, such as tons moved, distance traveled, or speed. Improvements in transportation efficiency, whether they are for single or multiple transits on a single trade route, or the entire system benefit producers and consumers many times over.

Waterborne commerce is the most efficient way to move vast amounts of cargo. On the Great Lakes, a vessel can carry a ton of iron ore from Minnesota to Ohio for about what you and I pay for a cheeseburger, fries, and soft drink at a fast food restaurant. This is critically important, for it takes about 1.5 tons of iron ore to make a ton of steel. Furthermore, on average, an automobile uses about 1 ton of steel, so if that first leg of the production chain – moving the iron ore that makes the steel - is not cost effective, everyone suffers.

Just how cost effective is shipping on the Great Lakes and St. Lawrence Seaway? A recent study by the U.S. Army Corps of Engineers has determined that waterborne commerce on the Lakes and Seaway saves its customers $3.6 billion a year compared to the next most cost-effective transportation option. In this global economy, that is a savings that keeps industries and jobs in the United States. Moreover, it is also a tremendous incentive to expand operations in the Great Lakes basin. It is no accident that the Great Lakes region is America's industrial heartland. The combination of abundant raw materials, more than 100 ports, efficient transportation, and a world-class workforce has enabled the Great Lakes basin to weather previous economic storms.

It is also a hard fact that waterborne commerce is the most environmentally-friendly mode of transportation. Since there's less friction to propel a vessel through water versus pulling a train or truck across land, vessels use less fuel and produce fewer emissions. I am not being critical of the land-based modes here, but simply pointing out that as we seek to become a greener society, waterborne commerce offers tremendous advantages in reducing greenhouse gas emissions and lessening dependence on foreign oil.

There is no denying current economic times are tough. The limestone trade on the Great Lakes plummeted 75 percent this past December compared to a year ago. December iron ore shipments were down by more than 40 percent. At last count 20 of the nation's 29 blast furnaces were idle. There have been massive lay-offs and probably more to come.

The Great Lakes fleet has taken blows too. On the first of this month, 26 U.S.-Flag lakers were in operation. That's a decrease of 35 vessels compared to a year ago. One LCA member has had to postpone a $20-million-plus modernization of an idled vessel that when complete, would have added another 2.5 million tons of capacity to the Great Lakes system on an annual basis.

We appreciate that the Obama Administration and Congress are working day and night to develop an economic stimulus package that will put the American economy back on solid footing. From what I've said so far, it should be clear that transportation infrastructure investments have tremendous returns. Without reliable and efficient waterborne commerce, our National Security is at risk. Despite all the hi-tech weaponry our military now employs, we cannot defend our interests and our shores without steel. 80 percent of our nation's steelmaking capacity is based in the Great Lakes basin and receives most of its raw materials via the Great Lakes and Seaway.

When troops are stationed overseas, 95 percent of their arms and supplies are delivered by ships that load at coastal ports.

Maintaining and increasing the efficiency of our maritime transportation infrastructure will create jobs, both now and in the future. Port rehabilitation and expansion will generate tens of millions of man hours for construction workers. The industries that use those ports will then be able to retain jobs in slow economies and increase employment in boom times.

How should we prioritize the many projects vying for the billions of dollars to be spent on infrastructure investment? Our first priority should be national security and we should fund projects that protect tier one assets by reducing their vulnerability from attack or decay. Creating redundancy at choke points, maintaining fixed assets like locks, or restoring the availability of Coast Guard icebreakers and buoy tenders must also be a priority.

The second priority for projects is job creation. This is an economic stimulus bill and all the signs point to a long and deep recession. We need to fund projects that put lots of people back to work as soon as possible and keep them employed for at least three years. We must also place emphasis on jobs that create other jobs in the U.S. economy. For example, every job in the steel industry creates seven other jobs. Connectivity in job creation is as important as it is in planning.

Efficiency improvement is the next priority for economic stimulus funding because these projects pay a return on the investment each time the system is used and the benefits are spread across a broad spectrum of producers and consumers. These projects continue to pay dividends long after the initial phase of job creation and economic stimulus, literally for generations.

The ideal project will do all of the above and many will with varying degrees of benefit for each category. I'd like to give a few examples of projects worthy of funding.

Testimony of
JAMES H.I. WEAKLEY, PRESIDENT, LAKE CARRIERS' ASSOCIATION
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No other project is better suited to inclusion in an economic stimulus package than construction of a second Poe-sized lock at Sault Ste. Marie, Michigan. Our "Rock of Gibraltar" needs the protection provided by redundancy and reliability. The national security aspects of this project are just as important today as in World War II. The immediate impact - job creation – will be tremendous. Building the replacement lock, it will replace two small, antiquated locks built during World War I, will demand 1.5 million man hours. Most of the jobs will come from the surrounding area, one of the most economically challenged areas in the nation. It will require 1.1 million tons of limestone and 25,000 tons of steel. One economist compared it to operating a small automobile plant for ten years.

Equally important, the project is fully designed and ready to go, in other words, "shovel-ready." It would also meet the requirements outlined in the House Appropriations Committee draft for the "American Recovery and Reinvestment Act of 2009" that the project has previously been funded, as this project has received appropriations from the Corps' construction account for each of the fiscal years 2002 through 2008.It is also authorized, at Federal expense, in the Water Resources Development Act of 2007. No need to find a local sponsor. If $125 million of the $490 million needed to build the lock is appropriate by mid February, I believe the Corps can begin signing contracts and obligating money by April and putting people back to work making steel and inventorying supplies. Physical construction on the project will begin by this July.

That's the immediate impact. For the long haul, the lock will ensure the continued free flow of raw materials on the Great Lakes. The Soo Locks typically handle more than 80 million tons of cargo each year. Iron ore mined in Minnesota and Michigan is the largest single commodity. Clean-burning low-sulfur coal mined in Montana, Wyoming, and Colorado is next. The Soo Locks also allow for the export of prairie states' grain overseas. This single project has national security, job creation and transportation efficiency aspects. Originally authorized in 1986, with $20 million spent since then, the replacement lock is ready and able to answer the call.

The two U.S. locks in the St. Lawrence Seaway are in need of major rehabilitation. A perpetual asset, one which does not have a designed life-span, must be maintained and recapitalized during its operation. Failure to do so risks catastrophic failure as the asset decays. These locks haven't been funded appropriately since they were built in the 1950s. They must be upgraded and properly maintained before they reach the point of no return.

Last year, the U.S. Seaway Corporation proposed a 10-year, $165 million Asset Renewal Program for the waterway's locks, channels, and other operational assets. Of that total, $45 million could be spent over the next two years and should be included in the stimulus package.

As our nation's other coastal ports reach capacity, the Seaway represents untapped potential to relieve congestion and keep cargo moving efficiently and in an environmentally-friendly manner. These locks form the connection to world markets for the Great Lakes region now and could play an increasing role in our national transportation solution.

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The best opportunity to increase the efficiency of the Great Lakes Marine Highway via the Economic Stimulus Bill is to adequately resource the U.S. Coast Guard icebreaking mission. Cargo movement during the ice season is vital to our economy staying in gear during winter. In many years, cargo movement from mid-December to mid-April will total 20 million tons, or 15 percent of the annual total, but the Lakes fleet cannot operate in heavy ice without adequate U.S. Coast Guard icebreakers.

Let me make clear no one likes winter operations. It's hard on the crews and hard on the ships. But for our customers to remain competitive, they have to minimize stockpiling of raw materials. So the iron ore trade starts in early March and continues until the end of January, sometimes even into February. The same is true for coal, cement, and salt.

The current measure for success used by the USCG is three miles per hour during the ice season. This is the equivalent of ten miles per hour for truck and automobile traffic for the months of December, January, February, March, and April. Ask yourself, how satisfying it is to drive your normal commute at ten miles per hour instead of fifty? The next time you are on a treadmill, set it for three miles per hour and ask yourself if that is the speed at which commerce should move. The Coast Guard does not have the appropriate amount and type of icebreakers on the Great Lakes to reliable and safely meet the reasonable demands of commerce. For more than six years, LCA and Great Lakes members of Congress have been asking the USCG to transfer an additional resource to the Great Lakes. Last July, before the Coast Guard subcommittee, I testified about the lack of icebreaking and noted that my members suffered more than $1.3 million in damages from ice-related incidents. So far this ice season (December and January), four of the eight USCG icebreakers were in a scheduled or unscheduled maintenance period, including the *Mackinaw* (the newest, in service since 2006), which was unavailable for an extended scheduled maintenance period and for a brief unscheduled one. At one point four of them were not available at the same time for maintenance reasons, and for most of December and January three of the five have been unavailable for maintenance reasons.

If the Great Lakes icebreaking mission were appropriately resourced, the performance standard could be doubled and commercial traffic could move at six miles per hour in the winter. There are several ways to do accomplish this goal. One would be to transfer icebreaking resources to the Great Lakes from areas where those attributes are not as critical. This option would have no impact on job creation, but would still have an economic benefit by improving the efficiency of the system. The second option would be to upgrade the existing vessels and improve their reliability by completing major overhauls and life extending upgrades to hull, engineering, and vessel habitability. This would create jobs at shipyards; however, I don't believe the Coast Guard could execute this program quickly. During this program, there may even be a reduction in icebreaking services depending on the time and timing of the program. I am not sure how many jobs this option would create and how long those jobs would last. I don't know how long it would take to do the design work and execute a contract; however, it would be significantly longer than the third option, which is to build a new icebreaker for Great Lakes service.

Some who favor this option have called for a new hull design; others have called for a twin to the new *Mackinaw* that replaced the first *Mackinaw* in 2006. I believe a second *Mackinaw* is the best option from both a job creation perspective and an efficiency improvement perspective. Since the *Mackinaw* is a proven design there is little lead time needed to move on the project. Within thirty days of appropriating the $150 million needed for the project, 50 of the 150 currently laid-off shipyard workers would be back on the job in Wisconsin and Northern Michigan. They would remain on the job for three years, as would many of their suppliers. The addition of this vessel would enable the Coast Guard to increase the performance standard from three miles per hour to six, literally doubling the speed of commerce for five months a year.

I must also note that first *Mackinaw* was built in 1944, and its construction was approved specifically because the movement of cargo on the Great Lakes was deemed essential to winning the war. The benefits of this option have national security, job creation, and transportation efficiency implications. This is an ideal economic stimulus infrastructure investment.

In conclusion, I urge you to carefully weigh the benefits of investing in our Great Lakes/Seaway infrastructure. The investments I've discussed are needed to save our todays, protect our tomorrows, and secure our long-term future. We need a second Poe-sized lock. We need another heavy icebreaker on the Lakes. Our regional and national economies depend on our ability to efficiently and reliably move raw materials and finished goods. This is about National Security. This is about Transportation Efficiency and Economic Security for us and those who follow. And where do those start? With a job!

Thank you for the opportunity to address this hearing. I will do my best to answer any questions you might have.

STATEMENT OF THE AMALGAMATED TRANSIT UNION REGARDING THE NEED FOR PUBLIC TRANSIT OPERATING ASSISTANCE IN THE *AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009*

January 22, 2009

Amalgamated Transit Union, AFL-CIO/CLC
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Introduction

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on behalf of the Amalgamated Transit Union (ATU), the largest labor organization representing public transportation, paratransit, over-the-road, and school bus workers in the United States and Canada, with more than 185,000 members in over 270 locals throughout 46 states and nine provinces.

We are here today to express our disappointment that the *American Recovery and Reinvestment Bill of 2009* does not include critical funding for public transportation operating assistance, as recommended with bipartisan support from this committee.

My name is Tony Withington. I currently serve as an International Representative for the ATU. Previously, I was President/Business Agent of ATU Local 1575 in San Rafael, California for 21 years, and Chairman of the ATU's California Legislative Conference Board. I have been involved in the public transportation industry for longer than I would like to admit – nearly three decades. Mr. Chairman, in all my years, I have never witnessed such extraordinary circumstances as we are seeing today.

Record high gas prices in 2008 caused millions of people to try public transportation, and despite the recent drop in the price of oil, many transit systems continue to report capacity issues. More than 2.8 billion trips were taken on public transportation in the third quarter of 2008 -- an increase of 6.5 percent. Yet, ironically, at a time when Americans are leaving their cars at home like never before, public transportation systems are being forced to implement painful service cuts and fare increases because of shortages in state and local revenues.

For the reasons stated below, we strongly believe that the transit portion of the *American Recovery and Reinvestment Bill of 2009* needs to not only increase funding for public transit capital projects but also include $2 billion for operating assistance.

Transit Can Play a Role in the Economic Recovery

The House stimulus package includes $9 billion for public transportation capital projects. While we certainly appreciate the recognition by Congress that transit can play an important role in our economic recovery, the funding levels fall well below what is needed.

The American Public Transportation Association (APTA) has provided a list of "ready-to-go" transit projects across the United States that will get people working again. According APTA, if $47.8 billion were invested in public transportation immediately, more than 1.3 million green jobs could be supported in the next two years. We therefore support the package that this committee released last month, which would provide $85 billion for "ready-to-go" projects, including $12.5 billion for public transportation. And, of the amount available to public transit, $2 billion would be set aside for operating assistance, a critical component in ensuring that U.S. Transit Systems do not buckle under the weight of new riders and crumbling state and local government economies.

Transit Agencies Out of Options

The transit operating assistance provision was first proposed as part of H.R. 6052 last spring in response to fuel prices that seemed to be climbing towards five dollars per gallon, and beyond. While that bill never passed the Senate, thankfully, fuel prices have come down dramatically since then. Unfortunately, many transit systems are locked into long term contracts with fuel suppliers and are still paying well above what the rest of us are paying at the pump. In addition, most economists agree that fuel prices are going to spike again, and they are projected to remain high once the economy bounces back and worldwide demand increases.

Even before fuel prices reached their peak last year, APTA conducted a survey of its members which found that the best way the federal government could help with meeting increased demand and skyrocketing fuel costs would be by providing operating assistance. Today, with state and local economies teetering, I am certain that an even higher percentage of transit systems would now agree that federal operating assistance is the best solution to plugging giant budget gaps.

Fare Increases, Service Cuts

All across the nation, transit systems are reluctantly implementing some of the steepest fare increases and deepest service cuts in recent history. The New York Metropolitan Transportation Authority (MTA), for example, is being highly criticized for its proposal to raise fare and toll revenues by 23 percent, starting in June. That could mean the cost of a single ride on the subway or bus could go as high as $3, up from $2. On the commuter railroads, many ticket prices could rise by as much as 29 percent! No one is exempt from the pain. The MTA's proposal would also more than double the fare for Access-a-Ride service for disabled riders, to $5 from $2. The proposed fare and toll increases are intended to help eliminate a $1.2 billion deficit in this year's budget. They would be coupled with reductions in expenses, including the deepest service cuts in years.

However, it is not just the large metropolitan areas that are proposing such drastic measures. The transit system in Peoria, Illinois -- home of President Obama's nominee for transportation secretary, Representative Ray LaHood -- where we represent about 170 transit workers, recently announced possible deep service cuts and higher fares in the face of a potential $3 million budget shortfall.

In my area, Bay Area Rapid Transit (BART) plans to reduce off-peak service from one train every 15 minutes to one train every 20 minutes to deal with a $40 million budget deficit. Sacramento Regional Transit is raising fares by 20 percent to cope with budget problems. Attached to our testimony is a short list of transit properties planning similar cuts. This is just a snapshot. The problem is nationwide, and it runs deep.

Working Families Hurt the Most

Fare increases are having a devastating affect on working families. Between the increased price of food, health care, heat, and other everyday necessities, middle class families are getting squeezed like never before. Americans, especially seniors living on fixed incomes, simply cannot afford transit fares in the neighborhood of private taxis.

And as if the fare increases are not enough, the service cuts may actually be worse. Generally, when routes get cut, transit systems tend to look towards those with low ridership -- early morning, late night, and weekend service. People who work non-traditional hours, typically minorities who have no other means of transportation, are disproportionately affected. The single mom who now gets her kids up at 4:30 in the morning to catch two buses in time to get her children to daycare and then herself to work cannot be expected to wait an additional hour for that transfer bus to arrive, standing in the freezing cold with two kids in tow. But that is exactly what is happening out there. Our drivers have seen it firsthand.

Operating Assistance is Needed

Throughout the United States, our buses are overflowing with passengers. The people who turned to transit to beat the high cost of gas in 2008 are sticking with us. Ridership is at a 50-year high.

That is the good news. The bad news is that the transit industry cannot handle the increased demand. Our members report having to leave people behind at bus stops because vehicles are at capacity. In Chicago, they were recently tearing out seats on subway trains to make room for more people.

Instead of adding new service to meet increased demand, transit systems are being forced to do the exact opposite — cutting routes and punishing people for leaving their cars at home by increasing fares.

Mr. Chairman, I hope the members of the committee can see how ridiculous the current situation is. Ridership numbers are going through the roof. We have a tidal wave of new passengers, more farebox revenue, basically every general manager's wildest dream come true. We could not have asked for a better situation. Yet in many places – not all but many – we find ourselves unable to cope with the change in American's travel habits.

The question is: why? The answer is simple. It is about money. State and local tax revenues are way down. Wildly fluctuating fuel prices and insurance costs are busting transit agency budgets.

Unfortunately, this problem will not be solved by simply appropriating more capital dollars, although, as we stated earlier, we fully support the committee's entire $12.5 billion transit proposal, which would set aside the majority of funds for capital projects.

As I travel across California negotiating contracts, I've spoken with several transit general managers. Many have told me that even if the federal government gave them the money to double the size of their existing fleets, they would probably have to keep a good portion of those buses in the garage.

Transit systems simply do not have the operating money to run their current fleets. Current Federal Transit Administration rules generally prevent most major transit systems from using their federal funds for operating assistance. Therefore, as a result, we are cutting service at a time when people are turning to transit in record numbers! This is insane!

Transit systems need money to stay afloat and avoid balancing their budgets on the backs of working people – transit riders and employees – who do not have any more to give.

Transit Operations Spending Generates Green Jobs and Reduces our Carbon Footprint

With Wall Street crumbling and jobs being lost by the thousands each month, Congress should realize that transit operations spending provides a direct infusion to local economies. More than 570 jobs are created for each $10 million invested in the short term. Every $1 billion invested in public transit operations generates 60,000 jobs.

Moreover, it was our understanding that the stimulus package was intended to not only create jobs but also help industries avoid further job losses. Without federal assistance, we believe that the multi-billion dollar transit industry, which employs nearly 400,000 hard working Americans, will continue to lay off workers at a rapid pace. And, if the primary issue in the context of the stimulus package is spending the money within a 90-day time frame, it has been well documented that transit operating assistance indeed flows quickly, much faster, in fact, than capital funding.

Finally, the energy and environmental benefits of transit are significant. Expanding passenger train options between and into U.S. urban centers would substantially reduce highway congestion, fuel consumption and greenhouse gas emissions. According to APTA, a single person, commuting alone by car, who switches a 20-mile round trip commute to existing public transportation, can reduce his or her annual CO2 emissions by 4,800 pounds per year, equal to a 10% reduction in all greenhouse gases produced by a typical two-adult, two-car household. And even though the price of gas has decreased dramatically over the last several months, public transportation riders still enjoy a significant economic savings. A person can achieve an average annual savings of more than $8,000 per year by taking public transportation instead of driving.

Conclusion

During these troubled times, we urge Congress to provide the necessary operating funds to help an industry that gets Americans to work, reduces our dependence on foreign oil, and improves our air quality.

We are extremely grateful to Chairman Oberstar for proposing $2 billion in transit operating assistance as part of the stimulus bill, and we are happy to work with members of this committee and others in Congress to ensure that the provision is included in the final package.

Thank you for this opportunity to testify today. We would be pleased to answer any questions or provide additional information.

Appendix

Job Cuts, Fare Increases, and Service Reductions

The Impact of the Economic Recession on America's Transit Agencies

Greater Peoria Mass Transit Board – A $3 million budget shortfall out of a total budget of $12 million could bring service cuts, the elimination of all weekday evening and Saturday service, and the loss of 79 jobs.

Maryland Transit Administration – Scaling back service on holidays and trimming some daily trains and buses on the MARC in order to save $5 million. Ridership was up 6.5 percent in 2008 over the previous year.

Sacramento Regional Transit – Raising fares by 20 percent to cope with budget problems.

Washington Metropolitan Area Transit Authority – $1.3 billion operating budget includes a $176 million gap, which is planned to be dealt with by dropping 891 positions and cutting $73 million worth of service.

Bay Area Rapid Transit – Plans to reduce off-peak service from one train every 15 minutes to one train every 20 minutes to deal with a $40 million budget deficit.

Marshall Area Transit (MN) – Unlimited ride passes for bus service increased on January 1 from $25 a month to $80 a month.

St. Louis Regional Transit – Cutting 600 jobs, bus routes, and train service to deal with a $36 million budget gap forecasted for 2009.

City of Madison - Metro Transit – Considering a 50-cent fare increase or reducing service, and eliminating five bus driver jobs to cover a projected $762,000 budget gap.

Metropolitan Transportation Authority (NYC) – Facing a $1.2 billion deficit, MTA is planning to more than double the cost of services for disabled riders, increase fares on subways by 23 percent and commuter railroads by 29 percent.

Source: Transportation For America

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

ST	City/County	Project	Cost (m)	Jobs*
AL	Mobile	Rehab 32 miles of concrete pipe with CIPP; Replace 18 miles of VCP with CIPP; Construct access roads for sewer line maintenance; Stabilize, repair and replace sewer creek crossings at ten locations; Replace manhole frames and covers; Repair interior lining of manhole surfaces; Replace 5,000 sanitary sewer laterals; Renovate 15 sanitary sewer lift stations; Complete sewer rehab in mini-basin A047A01; New primary clarifiers at Williams WWTP; Construct biosolids Class "A" treatment facilities; Increase capacity/grit removal of headworks at Williams WWTP; Add dewatering capacity at Willaism WWTP; Upgrade oxygen system at Williams WWTP; Construct Smith WWTP effluent pump station to address TMDL requirements	$178.30	
AL			**$178.30**	**6,241**
AK	Anchorage	Eagle River Wastewater Treatment Facility Disinfection; Apslund Wastewater Treatment Facility Process Improvements; SCADA (Supervisory Control and Data Acquisition); Sewer C-5-A King- Rovenna Sewer R&R; C-5-1 North Campbell Lake Sewer Upgrade	$42.20	
AK			**$42.20**	**1,477**
AR	Little Rock	Trenchless Sewerline Rehabilitation; Pumping Plant Improvements; Fourche Creek Treatment Plant Engine Generator Replacement; Sewer Treatment Plant Improvements	$10.23	
AR	Rogers	Interceptor Sewers and new 3.6MGD Wastewater Treatment Plant	$70.00	
AR			**$80.23**	**2,809**

1/12/09*Based on Department of Labor estimates of 35,000 jobs per $1 billion in infrastructure investment

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

AZ	Phoenix	Drilling and installation of new well; Water Main Replacement; Tres Rios Project with US Corp of Engineers; 23rd Avenue Wastewater Treatment Plant; Phoenix Area Remote Facilities; Small diameter sewer rehabilitation and replacement; Relief sewer project; Broadway Road Phase 3 Parallel Sewer, Lift Station Security Upgrades; Steel tank rehab; Val Vista Water Treatment Plant GAC conversion; Deer Valley Water Treatment Plant projects; Union Hills Water Treatment Plant - BAC Conversion; Paradise Valley Water System Upgrade; Fire Hydrant Installation	$309.36	
AZ	Pima County	Roger Road Wastewater Reclamation Facility (WRF) to Ina Road WRF; Conveyance line btw Prince Rd and Franklin Rd; Conveyance line augmentation for economic development; Repair and replacement of conveyance lines as identified and prioritized by closed-circuit television (CCTV) inspection program; Ina Road WRF blower, Gravity belt thickener, transfer station, digester replacement; Green Valley WRF sludge storage; Interim Biosolids Project	$97.10	
AZ	Tolleson	Biosolids Handling Projects; Security Upgrades; Disinfection Upgrade Project; Asphalt overlay/Sewerl Lines collapse replacement	$107.80	
AZ			**$514.26**	**17,999**
CA	Antioch	Renewable Energy PV System Installation; Biosolids to Enegy Project; Grease to Gas Project; Digestor Cover Replacement; Conveyance System Rehabilitation; Sodium Hypochlorite Tank Replacement; Facility Rehabilitation; Maintenance & Engineering Equipment Storage Structure; Engine Generator Overhaul; Facility Painting & Coating; Underground Structure Grouting	$158.99	

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

CA	Contra Costa Cou	South Orinda Renovations - Phase 4 and scheduled maintenance in area (Replace existing sewer lines to reduce both infiltration/inflow);Miner Road Trunk Sewer Improvement Project (Renovate existing sewer lines to reduce both infiltration/inflow and scheduled maintenance in area); Danville Renovations - Phase 2	$39.53	
CA	Fremont	Fuel cell project; Primary clarifier rehab; Cedar avenue sewer rehab; Blacow Rd. sewer replacement; Boyce Road pump station replacement	$35.00	
CA	Los Angeles	Joint Water Pollution Control Plant Power Generation Steam Cycle Installation; Whittier Narrows Water Reclamation Plant Secondary treatment Facility Modifications; Joint Outfall Trunk Sewer 'A' Unit 1A, Phase II; Slausen Avenue Pump Plant; Joint Outfall Clifton Pumping Plant; Joint Outfall Trunk Sewer 'B' Unit 6J Relief Phase II; Joint Outfall Trunk Sewer 'C' Unit 1 Relief Phase II	$112.90	
CA	Mather	Septic Conversion Projects	$18.38	
CA	Orange County	Carbon Canyon Dam, Sewer and Pump Station Abandonment and Rehabilitation of Westside Pump Station and Headworks Rehabilitation; Refurbishment and Bitter Point Force Main Rehabilitation and Central Generation Automation; Cable Tray Improvements at Plants 1,2, and Coast Trunk Sewer Rehabilitation of Bitter Point Pump Station	$109.52	
CA	Palo Alto	City of Palo Alto, Ultra-Violet Disinfection Facility Project for the Palo Alto Regional Water Quality Control Plant	$17.00	
CA	Riverside	Replace 5 miles of critical sewer main lines at various locations. Renovate 5 critical sewer collection lift-stations. The project will replace collection pipe work greater than 50 years in age and aging sewer lift stations. The project supports implementation of the City's Sewer System Management Plan to eliminate sanitary sewer overflows (SSOs).	$15.00	

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

CA	San Bernardino	Replace Mixers/Remove Accumulated Debris, Nitrogen Removal Facility; Replace Atmosphere Monitoring Systems; WRP Administration Building Remodel; Installation of NRC Standby Generators and Purchase of Generators; Digester Gas Treatment System	$7.27	
CA	Santa Barbara	Sewer Replacement; Small Dia Rehabilitaion ; Large Diameter Pipe Rehab; Aeration Basin Phase 1- Change out diffusers; Equalization basin washdown system; Influent Pump - Wet Well Modifications; Lift station rehab; Headworks Screening; Pump Replacements at El Estero; Hypochlorite Tank Replacement	$9.92	
CA	San Francisco	Sewer Replacements; Sewer Repairs; Force main improvements; odor control improvements; digestor compressors; Auxiliary Sewer Tunnel; Rehabilitate Old Richmond Tunnel; Richmond System Modifications; Westside Improvements	$436.88	
CA	Vacaville	Elmira Road Trunk Sewer Project: Enlarge 5,600 feet of trunk sewer main	$8.20	
CA			**$968.59**	**33,901**
CO	Colorado Springs	Fountain Creek Improvements; Clear Springs Ranch; Eco-Fit Park; Low Impact Development Demonstration Center Sanitary Sewer Evaluation and Replacement Program; Local Collectors Evaluation and Replacement Program ; Sanitary Sewer Creek Crossing Program; Manhole Rehabilitation Program;Las Vegas Wastewater Treatment Plant Disinfection; Southern Delivery System; Highline Reservoir Cover Replacement Water Mains; Big Tooth Dam Rehabilitation; Nonpotable System - Northern Distribution Piping; Fire Hydrant Install; Las Vegas Wastewater Treatment Plant Water Mains	$123.85	
CO	Denver	South Secondary Improvements Project, Secondary Blower Control, Primary Treatment and Grit Removal Improvements, Clear Creek Odor Control, Ammonia Feed Facilities, Shelter-in-Place, Interceptor Rehabilitation Projects, Manhole Rehabilitation Projects	$378.40	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

CO	Greeley	Ammonia Removal Project and Blower Replacements; North Greeley Trunk Sewer; Upper Sheep Draw Trunk Sewer; Lift Station No. 13 Upgrade and Expansion	$12.18	
CO	Pueblo	Wastewater Related Projects Ready-to-Go in 90 Days and Ammonia Removal Facilities	$26.50	
CO			**$540.93**	**18,932**
CT	Hartford	Combined Sewer Overflow Projects: Sewer separation or storage to reduce or eliminate combined sewer overflows in Hartford ; Sanitary Sewer Overflow Projects: Separation projects including lining, repair and house disconnect to eliminate sanitary sewer overflows ; Water Main Replacements: Aging infrastructure and asset management program district-wide; Energy Projects: Heat recovery for solid waste incineration and production; hydroelectric upgrade & expansion	$128.40	
CT			**$128.40**	**4,494**
DC	Washington	Rehabilitation, Improvements, Inspection and Cleaning of Facilities, Outfall Sewer Rehabilitation, Nitrification/Denitrification Upgrades Phase III (Mixers), Biological Sludge Thickening Facility, Laboratory Upgrades, Repl. Sm Dia Priority Water Mains 2008, Rock Creek CSO Separation, Sewer Lateral Rehab and Main Lining, Fire Hydrant Replacement Contract 4, Watts Branch Sewer Rehabilitation, Pennsylvania Ave Storm Sewer Rehab, Ft. Stanton Reservoir No. 2 Joint Seals, Relocation/Replacement 20" 4th High Watermain, Low Area Trunk Sewer - Inspection & Cleaning, Additional Tide Gate Improvements, Small Valve Replacements 5, Sewer Rehab - 10th - 12th, Vic. Penn. Ave	$150.96	
DC			**$150.96**	**5,283**
FL	Clearwater	Air Release Valve (ARV) Relocations to eliminate ARVs ; Del Oro Elevated Storage Tank Demolition; Northeast Treatment Plant Sodium Hypochlorite Feed Lines; Skycrest Reclaimed Water as an alternate water source	$52.80	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

FL	Escambia County	Perdido Key Gravity Sewer System; Main Street WWTP Replacement Project; Inflow & Infiltration (I&I) Reduction; Montclair Lift Station Flow Diversion	$147.30	
FL	Jacksonville (JE	Collection System Improvements; Arlington East Water Reclamation Facility - BNR Technology; Buckman Water Reclamation Facility - BNR Technology & Biosolids Expansion; Blacks Ford Water Reclamation Facility - Expansion; San Jose Wastewater Treatment Facility & FM Phase Out; Yulee Outfall (CP733-02); Various Reclamation Projects	$165.73	
FL	Miami	Upgrade various sewage pump stations throughout the County's wastewater system. ; Rehabilitation of miscellaneous gravity sewer system structures throughout the County's wastewater system.; Rehabilitation of miscellaneous force main improvements throughout the County's wastewater system; Miscellaneous repairs (electrical, structural & mechanical) @ wastewater system pump stations;Installation of two (2) biogas fueled cogeneration units @ the SDWWTP. These units will allow the Department to fully utilize biogas generated at the plant from the digestion of bio-solids and from the adjacent South Dade Landfill	$70.93	
FL	Palm Beach Count	Belle Glade, Pahokee, and South Bay Inflow/Infiltration Project; Belle Glade, Pahokee, and South Bay Wastewater Treatment Plant Emergency Rehabilitation Project; Belle Glade, Pahokee, and South Bay Lift Station Replacement Project; Belle Glade and Pahokee Water Main Replacement; Palm Beach County Water System-Wide Improvements Project; Palm Beach County Wastewater System-Wide Improvements Project; Belle Glade Stranded Investment SRF Loan Reimbursement	$305.50	

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

FL	St. Petersburg	New influent pump station; Improve the ground tanks; Install odor control technology; Replace the existing deteriorating lift station; Replace the water distribution main; Replace the sequence valves; Replace the 21 Year old Catapiller Generator; Provide back up generators, fuel storage, pump switchgear, addition of varible frequency drives, instrumentation and control equipment, power feed, plumbing and HVAC systems	$73.12	
FL	Tallahasse	AWT/Biosolids Improvements at the 26.5-mgd Thomas P. Smith Water Reclamation Facility; Improvements at the 4.5-mgd Lake Bradford Road Wastewater Treatment Plant; Replacement of Damaged 36" Raw Wastewater Force	$294.00	
FL			**$1,109.38**	**38,828**
GA	Columbus	CBFT3/Co Gen, Grease removal system; Industrial Park Sanitary Sewer Ext PCI; Asphalt Resurface Riverwalk ; Demolish abandoned infrastructure: Ft Benning WWRF, Jamestown Rd WWTF; Digester lid replacement fixed covers CIPP sections of large sewer interceptors w/ severe drops or force main discharges ;Bull Creek Basin Sewer Aggressive/Contr Sewer Rehab - CIPP; Oxbow Water; Exeter Court Lift Station Relief Emergency Power Standby Gen Units	$64.34	
GA	DeKalb County	WWTP Expansion and upgrade; Stone Crest Sanitary Sewer Upgrade; Water Main Replacements; Comprehensive Sewer System Evaluation; Service Lateral Maintenance and Rehabilitation; Manhole Raising Contract; Additional Clear Wells and Pumping Stations; Raw Water Tranmission Line; Water System Security Design; Pumping Station Upgrade; Pipe Replacements; Water Tank Repainting; Lift Station Upgrade and Rehab; Hypochlorite Generation; Water Meter Installation; South River Water Reuse Plant	$1,690.60	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

GA	Gwinnett County	Crooked Creek WRF Improvements - Phase 1; Gwinnett Energy Sustainability Program - Phase 1; Lake Windsor Dam Rehabilitation; Condition Assessment of Stormwater Infrastructure; Storm Drainage Infrastructure Replacement for Chandler Road; Storm Drainage Infrastructure Replacement for Everson Road; Danbury Creek Stabilization;	$24.43	
GA	Marietta	The proposed upgrade of the 40 MGD South Cobb Water Reclamation Facility is intended to improve the quality of its effluent and reliability in performing optimally in response to increasing pressure to protect the value of the Chattahoochee River as a resource central to the life of the region. The project will add tertiary filtration to the facility and provide improvements to the control systems, headworks, and primary treatment. When complete, the project will work with the recently initiated South Cobb Tunnel project ($305M) to provide dependable water reclamation capabilities for the South Cobb basin and the southern portion of adjacent Paulding County.	$35.00	
GA			**$1,814.37**	**63,503**
HI	Honolulu	Ala Moana Blvd Sewer Reconstruction; Aliamanu No. 1 and No. 2 WWPS's Upgrade and Sewer Relief; Enchanted Lake WWPS Upgrade; Kahanu St, School St, and Umi St Relief Sewers; WWTP Improvements; Kailua/Kaneohe Sewer Manhole and Pipe Structural Rehab; Kalanianaole Highway Sewer System Improvements; Kalihi/Nuuanu Area Sewer Rehabilitation; Waimalu Sewer Rehabilitation/Reconstruction Phase 2;	$124.30	
HI			**$124.30**	**4,351**
IA	Cedar Rapids	Water Plant Access Control, Security Systems; Carbon Dioxide Tank & Feed System Improvements; Collector Wells 5 and 6 Caissons; Indian Creek Lift Station Rehabilitation; Hoosier Lift Station Generator; . C2 Clarifier Rehab; Ash Line Replacement; Anaerobic Replacement (Biogas System Improvement),	$10.45	
IA			**$10.45**	**366**

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

IL	Downer's Grove	Hobson Road Lift Station Expansion for SSO Control & I/I Removal; Sewer Rehabilitation Projects for SSO Control; Treatment Center microstrainer building renovation; Remote Lift Station stationary emergency power generators; Sewer main expansion ; Alley sewer replacement for I/I and SSO control	$9.65	
IL	Chicago	Upper Des Plaines 12 & 13B; HVAC Improvements SWRP; Summit Conduit Rehabilitation; Harms Road 2 Rehabilitation; Westdale Gardens P.S. & Force Main, Northwest 8A Extension; Scum Concentration; Post Centrifuge Building, Preliminary Tank and Elevator Improvements; SWRP; Racine Ave. P.S.; Sludge Thickening Facilities, CWRP; Connecting Tunnels & Gates; Thornton Reservoir; Upper Des Plaines Intercepting Sewer 14A Rehabilitation; Evanston Intercepting Sewer Rehabilitation; Orrington Ave. Leg; Tollway Dam, Grout Curtain & Quarry Plugs; Thornton Reservoir	$363.65	
IL	Gurnee	Sludge screen project; vitrification improvements; odor control system; ventilation projects; storage basins; switchboard replacements; HVAC system redesign; forcemain repairs and inspections	$27.93	
IL	Kankakee	Influent screw pumps; DAF sludge thickeners; Final clarifiers; Primary electrical switch gear; Flood damaged buildings and support equipment	$1.20	
IL	Ingleside	Levi Waite Sanitary Sewer Extension - 900 ft sanitary sewer extension to serve existing homes on Levi Waite Road currently on private septic systems; Volo Historic Area Sanitary Sewer Extension - 5,600 ft sanitary sewer extension to serve existing homes and businesses within the Village of Volo Historic downtown area	$3.57	
IL	Peoria	Allen Road to Wilhelm Road Sewer Interconnection; Fargo Run Trunk Sewer Extension and Treatment Plant Building Renovation; Digester Boiler Replacement and Equipment Replacement	$11.40	

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NACWA List of Ready to Go Projects
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IL	Rockford	The Rock River Water Reclamation District in Rockford Illinois is a metro Reclamation District serving six communities. Some of the sanitary sewer collection system we own and maintain is 100 years old. We have identified nearly $15 million in sewer lining needs, these sewer lines are inventoried by our District and could be out for lining bids immediately if we had a funding source.	$15.00	
IL	Springfield	Administration Building, Operations Building, and the Electrical Building (CSO Component); Wastewater Treatment Facilities (CSO Component) ;	$67.90	
IL	Urbana	Northeast Treatment Plant Disinfection Conversion Project (to eliminate Chlorine gas); Nitrification Tower Structural Repair; Cogeneration Heat Exchanger Replacement; Southwest Plant Boiler Replacement; FY 09 Interceptor Sewer Rehabilitation Project	$51.00	
IL	Washington	Major upgrade of STP # 2 Wastewater Treatment Facilities	$9.00	
IL	Wheaton	Southside Interceptor Sewer Replacement; Preliminary and Primary Treatment Improvements; Aeration Tank Improvements	$25.00	
IL			**$585.30**	**20,486**
IN	Indianapolis	Combined Sewer Overflow Abatement Projects: Construction of a 6.5-mile long tunnel; Projects to Increase Wet Weather Treatment Capacity at the City's Belmont Advanced Wastewater Treatment Plant; Septic Tank Elimination Projects; Sanitary Sewer Rehabilitation Projects	$250.00	
IN			**$250.00**	**8,750**
IA	Ames	Water Plant 17,000lf of 30" Pipeline for a Raw Master Transmission Improvement; Booster Pump Station Redundant Electrical Feed; Conceptual Design for Plant Expansion; Water Pollution Control Pump Station HVAC Renovations; Clarifier Painting; Vertical Turbine Pump Replacement; Disinfection Installation	$7.56	
IA			**$7.56**	**265**

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

KS	Johnson County	Low Pressure Sewers & Gravity Interceptor; Plant Upgrade & Plant Rehab and Repair; Pump Station Rehabilitation and Repair; Sewer Rehab and Repair; Sewer Capacity Improvement	$31.56	
KS	Olathe	Low Pressure Sewers, Gravity Interceptor; Plant Upgrade; Plant Rehab and Repair; Pump Station Rehab and Repair; Sewer Capacity Improvement; Sewer Rehab and Repair	$21.06	
KS			**$52.62**	**1,842**
KY	Fort Wright	Western Regional Water Reclamation Facility and Western Regional Conveyance Tunnel to Western Regional Water Reclamation Facility	$188.32	
KY			**$188.32**	**6,591**
LA	Gretna	Treatment Plant Upgrade	$3.00	
LA	Kenner	Pumping Stations and Force Mains	$5.00	
LA	New Orleans	Restoration of Facilities	$20.00	
LA	St. John the Bap	Construct a 4 MGD Plant	$20.00	
LA			**$48.00**	**1,680**
MA	Greater Boston	CSO Control Program: 19 projects including sewer separation, construction of CSO control facilities and sewer replacement, Deer Island Treatment Plant equipment rehab, replacement, and improvements.	$205.00	
MA	Lowell	1. Phase IB Wastewater Treatment Facility/System Improvements; 2. Sewer Separation for CSO Control	$30.00	
MA	New Bedford	Coggeshall/ Dean Streets sewer Separation Project; Phase IV and Phase V West End Sewer Separation Projects; Coggeshall/Dean Street Phase II Sewer Separation Project; Page Street Sewer Separation Project; Renovations to the Quittacas Water Treatment Facility	$80.30	
MA	Springfield	Provin Tank 2; Orchard Street Transmission Main; Broome Gate Fill Valve; Penstock Lining; Power Plant Valves; Nova Chicopee River Tansmission Main; Wpf Engine Generator; Colton Street Facility Site Design; Ct River CSO Phase I 007.1; Ct River CSO Phase I 007.2; York Street Bar Rack	$48.20	
MA			**$363.50**	**14,928**
MD	Laurel	36.3 miles of sewer line rehabilitation by lining mains and laterals	$44.91	

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NACWA List of Ready to Go Projects
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MD			**$44.91**	**1,572**
MI	Oakland County	Macomb Oakland Interceptor Repair/Restoration Project; OCRWC Operations and Technology Center; Sinking Bridge Drain Improvements	$221.80	
MI			**$221.80**	**7,763**
MN	Duluth	Western Lake Superior Sanitary District: Wastewater pumping station and interceptor reliability and overflow prevention projects (Pike Lake, Polk Street and Scanlon pumping stations; Hermantown and Proctor interceptors); Replacement of critical, aging components in main wastewater treatment plant to improve reliability and reduce energy use; SCADA (Supervisory Control and Data Acquisition) monitoring system reliability improvements; Biogas Utilization Improvement Project	$14.00	
MN	Saint Paul	Blue Lake WWTP ProjectsBlue Lake WWTP Liquid Treatment Phase I ; Blue Lake WWTP Anaerobic Digestion; South St. Paul Forcemain; Victoria Tunnel project; Elko New Market	$190.00	
MN			**$204.00**	**7,140**
MO	Independence	Middle Big Creek Sewer Subdistrict - collection system and plant expansion	$38.00	
MO			**$38.00**	**1,330**
MS	Kansas City	White Aloe Pump Station Improvements; Second Creek Interceptor Sewer; Fairlane Relief Sewer (Phase II; East Bannister Interceptor; Sewer Backup Program; Brookside Sewer Line Modification); Birchwood Pump Station Upgrade; Turkey Creek Pump Station Improvements	$136.30	
MS	St. Louis	Combined Sewer Overflow (11 projects); Sanitary Sewer Overflow (28 projects) and Treatment Plant Projects (3 projects); City capacity and rehabilitation projects	$245.38	
MS	Springfield	Increased Disinfection Capacity and capability (Southwest Treatment Plant); Biosolids Digestion expansion and upgrade (Southwest Treatment Plant);Collection System Rehabilitation and I/I control; James River pump station	$64.00	
MS			**$445.68**	**15,599**
NC	Albermarle	WWTP Rehabilitation	$20.00	

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NACWA List of Ready to Go Projects
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NC	Buncombe County	Lenox Street, Greeley St. USR, Rogers place; Alta Ave PRP; Rollingwood USR; Middle Beaverdam Crk; VA hospital PRP, Penley Ave. USR; Old Home Rd. PRP; Montford Ave @ US 19/23; Reems Creek Interceptor; Monroe Place; Grindstaff Road; Merrimon at Ottari; Glenbridge Road; Dingle Creek Interceptor; Nasty Branch Interceptor; Four Inch Main (Beech Glen & Dorchester Avenue); Weaverville Highway; Forest Hill Drive No. 1 & 2 PRP; Eastwood Avenue PRP; Merchant Street PRP; Kitazuma Road; Roebling Circle; US70 at Neil Price Avenue; Long Shoals Road PRP; AquaDisk Procurement & Installation; Intermediate Pumps	$24.01	
NC	Carrboro	University Lake Pump Station Improvement; Water Main Project Along Fordham Blvd & Dobbins Drive; Bolin Creek Interceptor; Finley Golf Course Aerial Sanitary Sewer Stream Crossing;	$7.38	
NC	Charlotte	Reedy Creek Wastewater Collection System; Griffith Street Liftstation Replacement; Field Operations Center; Wastewater Collection System Rehabilitation	$56.60	
NC	Durham County	Reused Water Facilities & Sludge Processing Facilities	$16.00	
NC	Wilmington	Effluent Force Main Construction; Northeast Interceptor Construction ; Sanitary Pump Station 35 Improvements ; Aquifer Storage and Recovery ; Sanitary Pump Station 2 Improvements	$32.70	
NC			**$156.69**	**5,484**

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

NE	Omaha	1st & Leavenworth Street Lift Station Improvements, Missouri River Flood Levee Rehabilitation Project, Missouri River Solids Dewatering Facility MCC Project, Carter Lake Watershed Best Management Practices, Papillion Creek Medium Voltage Upgrade Project, Storm Channel Rehabilitation Projects, Papillion Creek Primary Clarifier Rehabilitation Project, Cole Creek Channel Improvements, Papillion Creek Interceptor Crossing Repairs, Papillion Creek WWTP Influent Screen Rehabilitation, Papillion Creek Sludge Belt Press Replacement Project, Ohern Street Grit Facility Odor Control and Improvements, 96th Street Sanitary Sewer Capacity Upgrade, Monroe Street Check Valve Replacement Project, 24th & Ogden Street Combined Sewer Separation, Missouri River Solids Dewatering Facility HVAC Improvements, Missouri River Sludge Belt Press Replacement Project, Missouri River Levee Culvert Rehabilitation Project, Missouri River Floodwall Closure Project, Missouri River Digester Piping Modifications, Webster Street Combined Sewer Separation, 84th & F Sanitary Sewer Rehabilitation, 76th & F Stormwater Project,	$42.90	
NE			**$42.90**	**1,502**
NJ	Middlesex County	3.2 KV Walk-in Switch Gear; installation of gas collection system in landfill cell; microturbine installation at gas compresser skid; auxiliary regenative thermal oxidizer; interceptor pipeline relining; collection system rehabilitation phase II; sludge pumps; auxiliary recovery system; electrical substation upgrades; pump station backup generators; dewatering belt filtering presses; primary tank rehabilitation; force mains accousitcal monitoring system; meter chamber upgrades; landfill gas pipeline; main flow meter for central plant;	$96.95	

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

NJ	Ocean County	Waste Gas Burner Replacements for CWPCF/NWPCF ; Septage Receiving Facility Improvements; 3. NPS-1-2-3-5-7-8 Upgrade; 4. Ocean Outfall Anchor Repairs ; 5. NI-9 and NI-14 Rehabilitation ; Authority Wide Interceptor Rehabilitation; 7. NSA Concrete Repair	$14.00	
NJ	Whippany	Stabilization pond / equalization basin upgrade; Digester rehabilitation and upgrade	$5.50	
NJ			**$116.45**	**4,076**
NY	Buffalo	Parker-Fries Interceptor Replacement	$33.80	
NY	Erie County	Replacement of the Lake Street and Point Breeze Pumping Stations and Force Mains and Construction of a Diversion Chamber at the Big Sister Creek WWTP; Rehabilitation and Replacement of Sanitary Sewers in the Village of Blasdell and Town of Hamburg; Replacement of the Commerce Drive Pumping	$50.60	
NY	Great Neck	Consolidation and upgrade project being done to satisfy the federal and state requirements for nutrient removal from Long Island Sound	$71.40	
NY	Ithaca	Biomass preconditioning system; Biogas scrubbing system; Upgrading internal combustion generators to micro-turbines; Biogas liquefaction system; Vehicles retrofit to liquid biogas	$7.50	
NY	Nassau	Cedarhurst and Lawrence Force Main and Pump Stations; Bay Park STP Dechlorination Facility; Bay Park STP Influent Pumping Facility; Ray Street Pump Station; Locust Valley Laterals, Force Main & Pump Station	$50.60	
NY	New York City	Stage Two of City Water Tunnel Number 3; Continuing construction of the mandated Croton Filtration Plant; Catskill Delaware UV Disinfection Plant; Newtown Creek Wastewater Treatment Plant; Combined Sewer Overflow Projects	$3,380.00	
NY	Woodbury	TMDL Nutrient Removal Project for the Port Washington Water Pollution Control Plant	$30.00	
NY			**$3,623.90**	**126,837**

1/12/09*Based on Department of Labor estimates of 35,000 jobs per $1 billion in infrastructure investment

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

OH	Akron	Water Plant Substation Equipment Replacement; Water Plant Filter Media Replacement; Water Main Replacement; Standby Power at Water Pump Stations; Water System SCADA Improvements; Cleaning and Lining Water Mains; Water Filter Backwash Lagoon Dredging; Albrecht Ave JEDD Water Line; JEDD Water Service Extensions; Waterloo Rd JEDD Secondary Sewer; Cleveland Massillon Rd; JEDD Sanitary Sewer; Mill Street Sewer Relocation; Northside Interceptor Rehab; Sand Run Parkway Lining Sanitary Sewer; 2nd Street Pump Station; Lake of the Woods Pump Station; Sanitary Sewer Reconstruction 2008; Sanitary Sewer Reconstruction 2009; Middlebury Phase II CSO WPCS Secondary Expansion; CSO WPCS Storage; CSO WPCS Addition Treatment; CSO Ohio Canal Tunnel (Design Only); CSO Northside Tunnel (Design Only); CSO Separation Projects; Waste Water Plant Primary Roof Replacement; Waste Water Plant Influent Screen Rebuild; Waste Water Plant Primary Roof Replacement; Waste Water Plant Influent Screen Rebuild Total Sanitary/Combined; Fairhill Slope/Storm Outlet Repair; First Energy Pon	$119.74	
OH	Butler County	Shaker Creek 36" Relief Sewer; Big Monroe 24" Force Main; LeSourdsville Regional Wastewater Treatment Plant Improvements, Phase 1; Sharon Creek Force Main Replacement	$5.58	

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

OH	Cincinnati	1852 Columbia Parkway Sewer Separation; Diamond Oaks, Regency Ridge, Windmere 3rd PS Eliminations; Eastern Delta Sewer Separation Phase 1A & 2; Home Sewer Treatment System Extensions; Mill Creek Secondary Treatment Upgrade/Rehab; Montgomery and Lester Sewer Replacement; MSD Green Program; Systemwide RDI/I; Trenchless Technology - Manholes; Urgent Capacity Response; WIB Prevention Program; Charlemar Drive Sewer Replacement; Emergency Sewer Repairs; I-75 Sewer Relocation; Lease Acquisition of the Engineering Building at MCWWTP; Little Miami WWTP Primary/Secondary Rotating Trough and Gates Replacement; Little Miami WWTP Primary and Secondary Tank Rechaining; Little Miami WWTP-Sludge Handling Process Upgrade; Little Miami WWTP Fluidized Bed Incinerator Distributor Dome Replacement; Mill creek WWTP-MSD Garage Demolition/Rehabilitation; Miscellaneous Highway and Community Development Sewer Work 2009; Moorfield Drive Sewer Stabilization; MSD-Duke Engery Sewer Televising Partnership	$211.27	
OH	Cleveland	Easterly Plant; Southerly Plant; Westerly Plant; Combined Sewer Overflow Control Program; Interceptors and Rehabilitation; Fluidized Bed Inicinerator project; Substation Replacement project; Lee Road Relief Sewer; Dugway East Interceptor Relief Sewer; Stream restoration projects	$231.56	
OH	Columbus	Big Walnut/Rickenbacker Sanitary Interceptor; Sanitary Subtruck Sewer to Service Several Customers; Sludge Thickening Improvement and Additional Renovation Projects at the 80MGD Jackson Pike Wastewater Treatment Facility; Hydraulic Improvements at Jackson Pike	$218.20	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

OH	Fremont	The City of Fremont is currently proceeding with the design of about $46 million in improvements to its wastewater treatment plant to address combined sewer overflows (CSO) and sludge handling issues. This is the first phase of $63million in improvements to be implemented over the next 15-20 years as required by Ohio EPA to address CSO's from the City's sewer system. This first phase which is expected to be operational in 2014 will provide a treatment system with greater capability to handle wet weather flows and thus reduce CSO's.	$46.00	
OH	Lancaster	Long term and near term projects identified by a 2004 Master Plan to include CSO programs.	$148.00	
OH			**$980.35**	**34,312**
OK	Tulsa	CSO Programs, Collection System Improvements; Southside and Haikey Treatment Plant Projects	$8.90	
OK			**$8.90**	**3,115**
OR	Albany	Oak Creek Force main Replacement and Lift Station Project; Cox Creek Interceptor Replacement - Wastewater Treatment Plant to Bain Street; Lawndale Lift Station Reroute	$11.20	
OR	Canby	Conversion of Class B Biosolids to a biosolids drying unit to move to a Class A biosolids, Storage facility for dried biosolids, effluent filtration unit by Aqua Aerobics, Inline UV system for effluent disinfection, dewatering and drying beds for collections grease and storm water debris and a scum pit for secondary clarifiers	$2.80	
OR	Gresham	Secondary Clarifier Project	$9.00	
OR	Hillsboro	Wastewater collection infrastructure for Industrial Development; Wastewater Infrastructure/Alternative Energy/Sustainable Development; Wastewater Infrastructure/Municipal and Industrial Development; Water Quality and Wildlife improvements/Low Impact Development	$61.80	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

OR	Portland	Sewer System Maintenance; Columbia Blvd Wastewater Plant Expansion; Sewer Structural Rehab; Sewer Infrastructure Repairs; Stormwater Infrastructure Repairs; Sewer Reconstruction;	$165.87	
OR	Springfield	Infrastructure Rehabilitation; Water Pollution Control Facility Projects; Biosolids Management Facility Projects; Water Reuse Programs; Alternative Energy and Energy Conservation Programs;	$262.30	
OR			**$512.97**	**17,954**
PA	Delaware County	Crum Creek Interceptor Improvements; Crum Creek Pump Station Improvements; Southern Delaware County Authority Beech Street Pump Station Upgrades; Lower Chichester Township Sanitary Sewer Improvements; Eddystone Borough Sanitary Sewer Improvements ; Darby Creek Joint Authority (DCJA) Darby Creek Interceptor Rehabilitation; Ridley Township Sanitary Sewer Improvements	$78.15	
PA	Pittsburgh	Upgrading of ALCOSAN's existing wastewater treatment plant and regional conveyance interceptor sewer system to provide for more efficient operations, capacity for economic development and for compliance with wet weather control mandates under the Clean Water Act.	$271.00	
PA	Philadelphia	Green Infrastructure Improvement Projects	$50.00	
PA			**$399.15**	**13,970**

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

PR		Cabo Rojo-Mayaguez Trunk Sewer Phase 1A, Cabo Rojo - Mayaguez Trunk Sewer Phase IB, Cabo Rojo - Mayaguez Trunk Sewer Phase IC, Villa Taina-Lajas Trunk Sewer, Elimination of the Sabana Grande WWTP, Aguas Buenas-Caguas Trunk Sewer Phase 2B, Aguas Buenas-Caguas Trunk Sewer Phase 3, San Lorenzo-Caguas Trunk Sewer Phase 1 (Laterals), Sanitary Sewer System for La Prieta Community, New 1.5 MGD Morovis WWTP, Expansion of Ciales WWTP and Improvements to Dos Rios PS, Salinas Providencia Sanitary Sewer System Phase 3, Ponce de Leon Combined Sewer System Separation, Improvements to La Marina Pump Station, Sanitary Sewer System for Ingenio Community	$243.63	
PR			**$243.63**	**8,527**
RI	Providence	Construction of a replacement interceptor sewer; Nutrient Removal Project for the Field's Pt Wastewater treatment Facility, Louisquisset Pike Interceptor Replacement Project, Omega Pond Pump Station Mechanical Building Improvements, Central Avenue Pump Station Replacement	$90.00	
RI			**$90.00**	**3,150**
SC	Greenville	Gilder Creek WWTP, Equalization Facilities at the Marietta WWTP, and Sewer Rehabilitation; FYO9 CIPP (Cast In Place Pipe) Project; Replace 37 sewer service laterals and relay 111 linear feet of 8-inch sanitary sewer. Install 23,885 liner feet of 8-inch cast in place pipe and 421 linear feet of 12-inch cast in place pipe; Construct 4830 lf of 18-inch gravity sewer, 259 lf of 15-inch gravity sewer, 202 lf of 16-inch (DIP) gravity sewer, 30 manholes, 60 lf of 16-inch DIP with encasement, 70 lf of 18-inch DIP with encasement and a pump station abandonment; Replace 334 sewer service laterals and relay 3362 linear feet of 8-inch sanitary sewer.	$42.56	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

SC	Greenwood	Panola Branch Trunk Line Replacement; Spring Street Trunk Line Replacement; Hunters Creek Trunk Line Extension; Wilson Creek WWTP Upgrade;	$14.25	
SC	Mount Pleasant	Expansion and Modernization of the Center Street Wastewater Treatment Plant; Rifle Range Road Wastewater Treatment Safety and Process Efficiency Improvements; Snowden Wastewater Collection System; Highway 41 Service Area Force Main and Pump Station Improvements; Water Quality Interconnections in the North Area Distribution System; Rehabilitation of "Old Village" Water Distribution System; CMOM Regulatory Program - Sewage Spill Prevention Project	$85.30	
SC	Spartanburg	South Tyger River Hwy 101 Drainage Basin Project Phase I Division II; Idlewood Pump Station Project; South Tyger River Force Main Project; South Tyger River Hwy 101 Drainage Basin Project Phase III - Reidville School Gravity Sewer Line; Existing Collection System Infrastructure	$7.07	
SC			**$149.18**	**5,221**
TN	Johnson City	Regional Wastewater Collection System Upgrading; 60,000 linear feet of interceptor and forcemains; Four Lift station placements	$13.00	
TN	Knoxville	Wet Weather, High Flow Wastewater Storage Facility; Wastewater Siphon Line Under Tennessee River; Wastewater Pumping Station; Treatment Plant Improvements; Collection System Rehabilitation and Replacement	$42.00	
TN	Nashville	Water and wastewater facility	$30.00	
TN	Oak Ridge	4,500 feet of cured in place liner; 850 feet of pipe bursting; 11,000 feet of slip lining; 9 manholes rehabilitated; 3 point repairs	$1.10	
TN	Kingsport	Wastewater Plant Ultra Violet Disinfection ; Phase VI Lift Station Improvements ; Lynn Garden I & I ; West View I &I ; Peppertree Sewer Extension ; Bloomington Heights I & I ; Rock Springs Sewer Extension	$9.30	
TN			**$95.40**	**3,339**

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

TX	El Paso	Boone Sewer Interceptor Relief Line; Doniphan 24" Interceptor Line; Grouse Street Force Main PH; Lone Star Force Main; Bustamante Reservoir, Pump Station & Lines	$68.90	
TX	Garland	Purchase and installation of a mobile power generator and a mobile power transformer; ROWL Sewer Line; JUP/SHI - VI Sewer Line ; RC WWTP Aeration Improvements	$10.90	
TX	Houston	Almeda Sanitary Sewer Tunnel Rehabilitation; Wastewater Collection System Rehabilitation and Renewal	$55.00	
TX	San Antonio	Medio Creek Recycled Water System - to connect Medio Creek Water Recycling Center to the SAWS recycle system via pump stations (with disinfection system) and transmission pipeline to provide additional recycled water and flexibility in operation; Old Salado Creek Siphon Replacement - rehab of two miles of 42 inch gravity/siphon pipe, one-half mile of 48-inch main, and one-quarter mile of 30 inch force main	$38.68	
TX	Trinity River Au	Central Regional Wastewater System (CRWS); Bar Screens Repairs/Replacement; Raw Water Pump Station Improvements; Installation of new variable frequency drive units & electrical switchgear for various pump stations; Aeration Basin Improvements; PCS Construction - Phases II/III; Rehabilitation and Replace electrical equipment, roof replacement, handrails rehabilitation and replacement; Collection System Projects - Interceptors; Tarrant County Water Supply Project (TCWSP): Electrical system improvements including stand-by emergency power generators for various pump stations; Denton Creek Regional Wastewater System (DCRWS): Wastewater Collection System (Pipelines); Mountain Creek Regional Wastewater System (MCRWS): Electrical System Generators for Emergency Power at multiple wastewater pump stations and treatment plant repairs; Red Oak Regional Wastewater System (ROCRWS): Collection System (Pipelines)	$196.46	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

TX	Upper Trinity	Northeast Regional Wastewater Treatment System (NRWTS) :Construct the Doe Branch Water Reclamation Plant (2.5 mgd capacity); Expand the Riverbend Water Reclamation Plant (1.5 mgd to 3.0 mgd capacity); Biosolids Improvements (sludge processing and disposal and odor control); Purchase and install two mobile power generators and one onsite power generator at the Peninsula Water Reclamation Plant.	$44.30	
TX	Waxahachie	Mustang Creek Parallel Sanitary Sewer Collection Lines, Robert W. Sokoll Water Treatment Plant - Treated Water Transmission Main Phase II	$13.85	485
TX	Weatherford	Lift Station #6 Replacement; 24" Sanitary Sewer along Holland Lake Creek Replacement; Lift Station #8 Replacement	$6.60	
TX	Wylie	Wilson Creek Wastewater Treatment Plant Expansion; Stewart Creek West Wastewater Treatment Plant Construction; South Mesquite Creek Wastewater Treatment Plant Expansion; Waterwater Interceptor and Lift Station Projects	$118.00	
TX			**$552.69**	**18,021**
UT	Kaysville	Central Davis Sewer Line Improvement: Replacement Pressure Line; Change from Chlorine to UV	$3.30	
UT	Salt Lake City	Water Reclamation Plant Facility Rehabilitation; Water Reclamation Plant; Wastewater Reuse Project; Rehabilitation of Critical Sewer Main; Sewer Collection Pipeline Rehab Program ; Sewer Maintenance Facility Upgrade	$59.35	
UT			**$62.65**	**2,193**
VA	Alexandria	ENR + Project C2; Holmes Run Trunk Sewer CIPP; Commonwealth CIPP; Potomac Yards Pump Station; Transformers & Switchgear Replacement; Green Roofs; Security Upgrade; ESCO; Magnesium Hydroxide	$70.25	
VA	Centreville	Cub Run Gravity Delivery System; Flat Branch Interceptor Upgrade and Pump Station; Biosolids Pad and Building	$142.60	

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

VA	Charlottesville	Rivanna Water & Sewer Authority - Moores Creek WWTP ENR Upgrade; Meadowcreek Sanitary Sewer Interceptor Upgrade	$78.18	
VA	Chesterfield Cou	Nutrient reduction projects at Falling Creek WWTP and Proctor's Creek WWTP	$152.00	
VA	Hampton Road	James River Treatment Plant Nutrient Reduction Improvements; Army Base Treatment Plant Incinerator Improvements; Nansemond Treatment Plant Nutrient Reduction Improvements	$59.00	
VA	Henrico County	Peppertree Sewer Extension ; Fourmile Creek Trunk Sewer rehabilitation ; Fourmile Creek Trunk Sewer rehabilitation ; Broadwater II sewer rehab project ; Lakeside to Strawberry Hill flow equalization basin ; Cheswick Park Rehabilitation project; Rte 5 sewer rehabilitation project ; Meredith Branch sewer pump station project ; Primary weir replacement at the water reclamation facility	$83.05	
VA	Hopewell	Two phase nitrogen reduction project; and expanding old Primary Treatment Plant from current 6.5 mgd to 10.2 mgd	$100.56	
VA	Fairfax County	Pumping Station and Force Main Rehabilitation; Sewer Capacity Improvements; Sanitary Sewer Rehabilitation; Activated Sludge Tank modifications; Moving Bed Bio Reactors & associated facilities; Equalization Basin; Tertiary clarifiers rehabilitation	$81.30	
VA	Prince William C	Phase 2 of upgrade and expansion of its H.L. Mooney Water Reclamation Facility	$80.00	
VA	Richmond	Wastewater Improvement Projects; Phosphorus Control, Methanol Feed & Storage and Filter Upgrades; Scum Control Upgrades; Ultraviolet Disinfection and Main Plant Switchgear Upgrades ; Peripheral In-Line Flow Equalization at Oakwood; Solids and Floatable Control for CSO Outfall No. 012; Solids and Floatable Control for CSO Outfall No. 014	$190.20	
VA	Roanoke	Upgrade the WPC Plant's Disinfection System; Renovate Digesters and Install Generation Equipment	$16.00	
VA	Virginia Beach	Various projects and upgrades	$83.00	
VA			**$1,136.14**	**39,765**

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NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

WA	Everett	Bond Street CSO Project	$25.00	
WA	King County	Brightwater Wastewater Treatment Plant - Solids/Odor Control Facilities & Influent Pump Station; Kent/Auburn Conveyance System Improvements; Ballard Siphon Replacement Project; Renton South Plant Treatment Programs; Sweyolocken Force Main Discharge Structure Bioscrubber Odor Control; West Point Waste-to-Energy (W2E) Project; King Street CSO Clean Up - Sediment Managment Plan; Lower Duwamish - Sediment Managment Plan; Environmental Education / Community Center on the site of the Brightwater Wastewater Treatment Facility	$111.50	
WA	Shelton	Kneeland Park Punp Station Construction - The Goldsborough Creek Sanitary Sewer project consists of constructing a new pump station, and gravity sewer and force main pipelines. The new pump station will facilitate wastewater flow from south Shelton and the existing exposed sanitary sewer pipelines in the Goldsborough Creek streambed will be abandoned.	$1.32	
WA	Tacoma	CTP Energy Management; Dissolved Air Flotation Thickeners Upgrade; PS4103 Force Main Replacement; Wastewater Collection System Rehabilitation; Jefferson Street Wastewater Main and Replacement; Jefferson Street Surface Water Main Replacement	$18.40	
WA			**$156.22**	**5,468**
WI	Brookfield	Major upgrade of wastewater treatment infrastructure to remove suspended solids	$3.00	
WI	Green Bay	Treatment Plant Consolidation Projects; Interim Solids Processing Project; Standby Electrical Generation Installation; Research Workboat; GBF Sludge Storage Tank Lining	$45.30	
WI	Edgerton	Major upgrade to the wastewater pumping and treatment infrastructure	$8.00	
WI	Milwaukee	Milwaukee County Grounds Basins (2nd Bidding); South 43rd Street Relief; JI Preliminary Facility Sewer Upgrade	$180.40	
WI	Superior	Infrastructure and Reconstruction Projects	$6.07	
WI			**$242.77**	**8,497**

1/12/09 *Based on Department of Labor estimates of 35,000 jobs per $1 billion in infrastructure investment

NACWA List of Ready to Go Projects
(Construction to begin within 120 days)

		TOTAL PROJECT COSTS	$16,682.05	
		TOTAL PROJECTED JOBS CREATED:		588,046

1/12/09*Based on Department of Labor estimates of 35,000 jobs per $1 billion in infrastructure investment

Equipping Aircraft Will Create Jobs
and Achieve Environmental & Safety Benefits Now

NextGen (Next Generation Air Transportation System) is the FAA's plan for the complete transformation of today's antiquated ground-based air traffic system to a more efficient system based on advanced technologies that enable air traffic control to utilize shared precision information between controllers and pilots. Unfortunately, the FAA's current plan doesn't achieve significant investment return for the aviation transportation system until 2025. This is due, in large part, to the challenge of aligning investments in air and ground infrastructure and across the stakeholders – the "chicken and egg" syndrome. An infusion of stimulus funding would jumpstart this process, dramatically advancing the schedule and resulting in job creation, a reduction in carbon emissions, and an air transportation system supporting economic growth. Significant benefits that FAA and Congress believe will be realized over the next 17 years could actually happen in President-elect Obama's first term.

Justification

Benefits: Combining FAA's infrastructure modernization with enhanced aircraft equipage and new procedures offers significant benefits:

- job creation
- improved airline environmental performance and reduced CO_2
- enhanced safety and security capabilities
- enhanced system capacity/operational performance, leading to reduced delays for consumers
- reduced FAA operating costs
- establish all-weather access to general aviation airports

Approximate Economic and Employment Impacts: Using the FAA methodology for calculating jobs created, it is estimated that an infusion of $4 billion in funding for NextGen would generate 77,000 jobs. The methodology referenced is a multiplier system developed by FAA's Aviation Policy, Plans and Environment Office, based on Bureau of Labor Statistics figures, which estimates the number of jobs that would be created for each $1 million invested in NextGen:

- Aircraft Equipage: 24 jobs per million invested
- Construction: 21 jobs per million invested
- Research & Development: ranges from 32-36 jobs per million invested

In September 2008, passenger airline employment fell to 397,400, marking the first plunge below 400,000 since the Bureau of Transportation Statistics began maintaining these figures in 2003. It also marked a decline of 22,400 jobs from December 2007 and 68,300 jobs since 2003. The jobs created will be high paying jobs - -both manufacturing jobs and jobs created by the installation and maintenance of the equipage. A viable aviation sector enhances economic activity in a wide number of industries outside aviation including, among many others, travel and tourism and industries that rely on just in time global inventories and shipping capability.

Global Competitiveness: ATC modernization is a global issue with plans and developments occurring in Europe and other rapidly growing regions. In addition to the significant domestic benefits, early investment in NextGen will increase demand for U.S.-developed ATM solutions in international markets, further strengthening the contribution of aerospace to the U.S. balance of trade and creating additional jobs.

Environmental Impact: According to FAA, the full implementation of NextGen could reduce greenhouse gas emissions from aircraft by up to 12 percent by 2025. This reduction in CO2 production is roughly equivalent to taking 2.2 million cars off the road for one year. As recently as May, 2008, the Government Accountability Office (GAO) recommended that NextGen technologies and procedures be deployed "as soon as practicable" to realize these environmental benefits. The GAO concluded that NextGen will allow for more direct routing, which will improve fuel efficiency and reduce carbon dioxide emissions, as well as the emission of other air pollutants such as carbon monoxide, sulfur oxides, particulate matter, nitrogen oxides, unburned hydrocarbons, hazardous air pollutants, and ozone.[1]

Key pieces of NextGen include "Automated Dependent Surveillance – Broadcast" Out/In (ADS-B Out/In). ADS-B Out/In components would provide controllers with much more precise aircraft position information, which safely enables closer separation standards and more efficient use of airspace, improving the passenger experience and economics, while also reducing emissions. Other critical components are performance-based navigation capabilities known as RNAV and RNP (Area Navigation and Required Navigational Performance) that are based on precise satellite navigation, which complements ADS-B benefits. One additional component, the

[1] "NextGen and Research and Development Are Keys to Reducing Emissions and Their Impact on Health and Climate," GAO Report GAO-08-706T, May 6, 2008.

Electronic Flight Bag (EFB), provides an information management platform designed to significantly reduce the likelihood of runway incursions while also providing pilots access to navigation charts, surface moving maps and airport displays.

ADS-B, in conjunction with Continuous Descent Arrivals and RNP/RNAV approaches, has the ability to reduce the fuel burn of every arrival by up to 2000 lbs. It can change the way oceanic traffic operates – reducing a trans-Atlantic flight by 45 minutes and dramatically reducing fuel burn and CO2 production. The environmental improvement from these direct routes and their reduced fuel burn are significant. But, aircraft must be appropriately equipped to use these technologies.

Cost: Experts estimate total NextGen implementation costs at $40 billion: $20 billion for FAA program development, research and development, deployment, and technology acquisition, and $20 billion for operators for avionics equipage, training and related costs. In fact, we anticipate that the FAA will be requesting stimulus funding to accelerate their NextGen infrastructure needs as well as funds to accelerate the needed standards, procedures and criteria which will be required in order for aircraft to take advantage of the full benefits from equipage. Thus, our proposal for stimulus funding should dovetail well with FAA's NextGen request.

Key Enabling Technologies: Representative operational/navigational measures that reduce fuel burn/greenhouse gas emissions from aircraft

- Area Navigation (RNAV) – enables aircraft to fly on any path within coverage of ground or space-based navigation aids, permitting more access and flexibility for point-to-point operations

- Required Navigation Performance (RNP) procedures (higher performance RNAV) – monitors aircraft performance, enables closer en route spacing without intervention by air traffic control and permits more precise and consistent departures/arrivals. Another immediate infrastructure improvement is available with investments in precision satellite-based instrument approaches, called Localizer Performance with Vertical (LPV) approaches. LPV approach procedures improve safety and provide all weather access at thousands of general aviation airports.

- Automatic Dependent Surveillance-Broadcast (ADS-B) – ADS-B is a critical component for advancing a next-generation air transportation system. By relying upon satellite and additional technology, ADS-B enables an aircraft to constantly broadcast its current position simultaneously to air traffic controllers and other aircraft. Tremendous safety, security, capacity and environmental improvements are realized.

Unlike ground radars, ADS-B offers much more precise data on an aircraft's position in the sky or on the runway, including altitude, category of aircraft, airspeed and identification. ADS-B has two components. ADS-B "Out" and "In". ADS-B "Out" continuously transmits an aircraft's position, altitude and intent to controllers. ADS-B "In" is the reception of the transmitted data by other aircraft which allows pilots to have a complete picture of their aircraft in relation to other traffic.

ADS-B has the potential to reduce delays, reduce fuel burn through more efficient routings, and increase capacity – all while improving safety. But, this can only be achieved if the current and future fleet of commercial and general aviation aircraft have the on board equipment to use this technology. In today's difficult economic environment, the cost for these critical avionics components is prohibitive – especially the difficult and expensive process of retrofitting the current fleet.

- Ground-Based Augmentation System (GBAS) – GBAS is the next generation technology to support precision landings. It provides additional information to aircraft to allow GPS to be used for landings in low visibility conditions. This minimizes schedule disruptions due to weather and also enables more environmentally-friendly procedures and increased safety during ground operations.

Government funded equipment purchases for industry – especially for ADS-B and its related components – is not unprecedented. Congress authorized and funded grants for Alaska's CAPSTONE project and the Ohio River Valley project for which United Parcel Service was the test carrier for ADS-B demonstrations at Louisville airport.

To solve these critical aviation transportation issues and stimulate the economy, it is critically important that we begin equipping aircraft today.

Components of Request

(Total Request - $4.048 billion)

- ADS-B ($2.2 billion);
- RNP Equipage ($500 million)
- FAA RNAV/RNP Procedure Development ($20 million);
- FAA LPV Procedures Development ($500 million);
- Electronic Display Upgrades (including EFBs), ($458 million)
- GBAS, ($370 million)

As the Congress continues to consider a stimulus package focused on job creation, investment in critical infrastructure, and pursuit of clean energy technology, one viable approach is to invest in accelerating the modernization of the nation's aviation infrastructure. Congress recently estimated the cost of air traffic control (ATC) system delays economy-wide at over $40 billion. Systemic delays in the air traffic system can be significantly reduced by accelerating deployment of Next Generation Air Traffic Management (NextGen) tools and procedures described above.

This request is made on behalf of the commercial and general aviation communities. Although $4 billion is only a fraction of the estimated total of $20 billion in required equipage costs, it will provide a sufficient jump start to significantly accelerate these programs and their benefits.

NextGen Stimulus Proposal/Proposed Language:

FEDERAL AVIATION ADMINISTRATION

NEXTGEN AIR TRAFFIC SYSTEM ACCELERATED DEPLOYMENT GRANTS

To make grants for the direct costs of purchasing and installing NextGen equipment to retrofit general aviation or commercial aircraft that is registered under section 44103 of title 49, United States Code, $4,000,000,000, to remain available until expended: *Provided*, That amounts made available under this heading may be used to reimburse the actual expenses incurred by an owner or operator of aircraft for purchasing and installing NextGen equipment after the enactment of this Act: *Provided further*, That NextGen equipment shall include, but is not limited to, on-board avionics, electronic flight bags, cockpit displays, surface moving maps, and software upgrades: *Provided further*, That none of the funds under this heading may be expended to install equipment on an aircraft at a facility located outside of the United States: *Provided further*, That the Administrator may use amounts made available under this heading for activities, including establishing procedures and criteria, to ensure that the benefits of the NextGen equipment purchased and installed under this heading are realized: *Provided further*, That the Federal share of the costs for which a grant is made under this heading shall be 100 percent: *Provided further*, That not later than 30 days after enactment of this Act, the Administrator shall establish a process for applying, reviewing, and awarding a grant: *Provided further*, That the application for a grant must be in the form and contain the information the Administrator requires.

AMAC

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The Testimony of Gene Roth

Executive Director of the
Airport Minority Advisory Council (AMAC)

before the

Committee on Transportation and Infrastructure
of the
United States House of Representatives

"Infrastructure Investment: Ensuring an Effective Economic Recovery Package"

James L. Oberstar
Chairman

January 22, 2009

2167 Rayburn House Office Building

My name is Gene Roth. I am the Executive Director of the Airport Minority Advisory Council (AMAC). AMAC is the nation's only national, non-profit trade association dedicated to promoting the full participation of minority-owned, women-owned and disadvantaged business enterprises (M/W/DBEs) in airport contracting. While I am currently the Executive Director of AMAC, I also worked on issues of business diversity in my previous position as Director of Corporate Purchasing and Supplier Diversity at Enterprise Rent-a-Car and I have extensive training in business and finance issues having received my MBA from American InterContinental University in 2007. I thank you for your invitation to provide this testimony on the proposed economic stimulus package on behalf of AMAC and its nationwide membership.

AMAC is a strong supporter of a robust stimulus package which includes a very significant investment in our nation's airport infrastructure. The bill proposed by the Speaker, which includes three billion dollars over one year, is a good start, but we believe that the nation's airport related businesses can actually do even more to help get our nation's economy back on track. We are especially supportive of Chairman Oberstar's proposal recommending over five billion dollars in airport related investments. We also support channeling the stimulus funds through the Airport Improvement Program (AIP). The Airport Improvement Program (AIP) is an excellent, well-established program and there are a large number of immensely important, ready to execute, infrastructure projects already in the pipeline. AMAC's members are ready to ensure that those dollars are spent quickly, efficiently and fairly so that we can do our part to get our economy back on its feet. We also encourage the Committee to waive the non-federal matching requirements for the stimulus package to preclude any delays in getting these projects up and running as quickly as possible.

One of AMAC's primary objectives is to foster the full and fair economic development of minority and women entrepreneurs in airport related sectors. As this committee is all too aware, racial and gender discrimination continues to be a problem in our nation. Minority and women business owners have faced discrimination in contracting, credit, bonding, insurance, and the purchase of supplies. In many instances these small business owners have found it difficult if not impossible to overcome all the barriers and discrimination inherent in the bidding process itself. Both public and private entities continue to create barriers to the participation of minority and women owned businesses and minority and women owned companies that have managed to obtain contracts often experience discrimination in the performance of those contracts.

Even in the face of good programs, such as the Department of Transportation's Disadvantaged Business Enterprise Program (DBE program) which encourages participation of minority and women business owners, many prime contractors and local recipients of federal funds nevertheless actively attempt to circumvent the program and avoid doing business with minority and women contractors. In effect, discrimination persists even though progress is being achieved through implementation of USDOT's DBE program and the SBA's small and disadvantaged business programs. The discrimination occurs in every region of our nation and it happens to African-American, Hispanic American, Asian American, Native American and women business owners.

Today we are submitting with our testimony copies of seven recent statistical studies drawn from every corner of our nation covering a diverse range of industries that are crucial to building and maintaining our nation's transportation infrastructure. These analyses include studies from Alaska, Missouri, Maryland, Illinois, New Jersey, Washington, and North Carolina.[1] We urge the Committee to consider these studies along with six completely different studies from Colorado, Maryland, Arizona, Florida, Tennessee and Texas[2] that we previously submitted to the House of Representatives in a hearing before the Information Policy, Census and National Archives Subcommittee of the U.S. House of Representatives Committee on Oversight and Government Reform on September 24, 2009. All of these studies deal with recent strong and compelling evidence of discrimination in transportation related industries, including airports, and further bolster the case that discrimination against minority and women contractors in airport related businesses and other transportation fields remains a problem in every relevant industry for every minority group and for women. To say that the statistical evidence of the ongoing underutilization of minority and women owned businesses is overwhelming is an understatement.

Each of these studies presents powerful statistical evidence of the tremendous barriers imposed by bias and discrimination. Many of these studies also present extensive anecdotal evidence of discrimination which gives life to the dry statistics and helps make clear how discrimination actually works and how it specifically impacts minority and women owned businesses at every stage of the process. Both sources of data reveal that despite the progress that has been made, there is still a very significant need for affirmative efforts to assist minority and women business owners.

Of course, the most important assistance AMAC members and other businesses need are programs like the DBE program which seek to level the playing field in the award of federally-assisted contracts. But the fact is that other assistance is also needed. We need to do more to open credit and bonding markets to women and minority business owners. All business owners face hurdles in today's difficult credit markets – but the sad truth is that even before the current credit freeze, minorities and women confronted special difficulties in accessing credit. In this regard, I would specifically direct your attention to the comprehensive analysis of discrimination

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[1] Final Report: Alaska Disadvantaged Business Enterprise Study – Availability and Disparity, D. Wilson Consulting Group, LLC, June 6, 2008; Disadvantaged Business Enterprise Availability Study, prepared for the Missouri Department of Transportation, NERA, November 26, 2004; Disadvantaged Business Enterprise Availability Study, prepared for the Maryland Department of Transportation, NERA, separate studies for: Maryland Aviation Administration, Maryland Transit Administration, and State Highway Administration, November 2, 2006; Disadvantaged Business Enterprise Availability Study, prepared for the Illinois Department of Transportation, NERA, August 16, 2004; NJ, *State of New Jersey Disparity Study of Procurement of Professional Services, Other Services, Goods and Commodities*; MGT, June 13, 2005; State of Washington, Prepared for Washington State Department of Transportation, October 20, 2005, NERA and companion study: *Anecdotal Evidence of Race and Sex Disparities in the Washington State Department of Transportation's Contracting Market Place*, Colette Holt & Associates. (July 2006); and *North Carolina Department of Transportation Second Generation Disparity Study: Final Report*, MGT of America, Inc., March 30, 2004.

[2] Evidence from Denver, CO, NERA Economic Consulting, May 5, 2006; Race, Sex and Business Enterprise: Evidence from the State of Maryland, NERA Economic Consulting, March 8, 2006; The City of Phoenix, Minority-Women-Owned and Small Business Enterprise Program Update Study: Final Report, MGT of America, April 21, 2005; Broward County Small Disadvantaged Business Enterprise (SDBE) Disparity Study, MGT of America, Inc., April 3, 2001; Final Report for Development and Revision of Small, Minority and Women Business Enterprise Program, Nashville International Airport, (BNA), Griffin and Strong, PC, September 19, 2007 and Dallas /Fort Worth International Airport Board Disparity Study Final Report, MGT of America, October 17, 2000.

in credit that was conducted in the NERA study for Denver Colorado submitted to the record before Chairman Clay's Census and Information Policy Subcommittee on September 24, 2008. That analysis makes clear just how serious the barriers to credit are for minority and women owned businesses. And finally, we must do more to provide training and other technical assistance to minority and women business owners. In addition, we need to adjust the PNW cap for inflation so that DBEs are not eliminated from consideration just when they are finally becoming large enough to compete for larger contracts. We also need to ensure better certification training for those who certify DBEs and we need to make certification reciprocity easier to accomplish.

Minority and women owned businesses are ready, willing, able and eager to assist in our nation's economic recovery – but it is terribly important that we not overlook the fact that they face unique and considerable barriers. Due to past discrimination, some minority and women owned businesses are smaller and have had fewer opportunities to prove themselves than their majority competitors. These smaller businesses are neither incapable nor unwilling to contribute to our nation's economic growth, but they face many more challenges than larger, more-established majority owned companies – challenges that are ultimately due to discrimination. It is also important to remember that many minority and women entrepreneurs face such daunting barriers that their businesses never get off the ground at all. Each of these failed businesses or abandoned start-ups represents an opportunity lost for the minority or woman entrepreneur, their employees, their community and the nation. It is imperative that we do everything we can to truly level the playing field in contracting, credit, bonding, training and access to business opportunities so that we remove the stain of past discrimination and ensure that every business owner and entrepreneur that is capable of assisting in our recovery has the opportunity to do so.

In closing, I would like to say that it is important to understand that race and gender discrimination are not just morally wrong and unjust, they also have a negative impact on our nation's economic well-being. The fact of the matter is that this type of discrimination *hurts* our economy. We are all accustomed to the private sector and some politicians decrying "regulation" and "interference" in the marketplace. Well, the fact of the matter is that discrimination is the worst kind of market interference – an externality that is both corrosive to our society and inefficient for the operation of markets. As noted free market advocate and former Fed Chair Alan Greenspan has said:

> "Discrimination is against the interests of business--yet business people too often practice it. To the extent that market participants discriminate, they erect barriers to the free flow of capital and labor to their most profitable employment, and the distribution of output is distorted. In the end, costs are higher, less real output is produced, and national wealth accumulation is slowed. By removing the non-economic distortions that arise as a result of discrimination, we can generate higher returns to both human and physical capital."[3]

Simply put, discrimination causes real and lasting harm to minority and women entrepreneurs and to our national economy. With programs like the DBE program, Congress has begun the

[3] Remarks by Chairman Alan Greenspan, Economic Challenges in the New Century, before the Annual Conference of the National Reinvestment Coalition, March 22, 2000, http://www.federalreserve.gov/BoardDocs/Speeches/2000/20000322.htm

process of remedying the current day effects of past discrimination and seeking to eliminate current discrimination. There remains a great deal of work to do, but if we invest the time, resources and creativity into eradicating discrimination we will be able to harness vast additional resources, in the form of the ingenuity and commitment of our nation's minority and women business owners, to meet the considerable challenges that confront us today.

Thank you for the opportunity to provide testimony today. Please let us know if there are any questions we can answer or any additional studies or information that we can provide to the committee.

Mr. Gene Roth, the Executive Director of the Airport Minority Advisory Council ("AMAC"), submitted testimony for the record for the January 22, 2009 hearing held by the Committee on Transportation and Infrastructure, titled, " Infrastructure Investment: Ensuring an Effective Economic Recovery Package."

The studies Mr. Roth submitted with his testimony were too voluminous to print; however, the Committee on Transportation and Infrastructure will maintain the documents.

The following is a Table of Contents for the archived testimony:

I. **Alaska Study**
   - "Alaska Disadvantaged Business Enterprise Study— Availability and Disparity (Federal Project Number STP-00S [587]." Prepared for the Alaska Department of Transportation and Public Facilities by D. Wilson Consulting Group, LLC (June 6, 2008).
     - Chapter 1—Introduction
     - Chapter 2—Legal Analysis
     - Chapter 3—Review of Contracting Policies, Procedures, and Programs
     - Chapter 4—Availability Analysis
     - Chapter 5—Alaska Department of Transportation and Public Facilities Relevant Market, Area, Utilization, and Disparity Analyses
     - Chapter 6—Municipality of Anchorage Relevant Market, Area, Utilization and Disparity Analyses
       - 6.1—Market Area Analysis
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       - 6.4—Goals Analyses
       - 6.5—Prime Contractor Utilization Threshold Analyses
       - 6.6—Disparity Analysis
     - Chapter 7—Alaska Railroad Corporation Relevant Market, Area, Utilization, and Disparity Analyses
     - Chapter 8—Anecdotal Evidence Summary
       - 8.1—Introduction
       - 8.2—Methodology
       - 8.3—Anecdotal Analysis

- Chapter 9—Findings and Recommendations
- Appendices—Definition of Terms; Availability Survey; Interview Guide, Alaska Department of Transportation and Public Facilities Data Charts, Municipality of Anchorage Data Charts, and Alaska Railroad Corporation Data Charts.

II. Illinois Study

- "Disadvantaged Business Enterprise Availability Study," prepared for the Illinois Department of Transportation by National Economic Research Associates ("NERA"), August 16, 2004.
  - Introduction
  - Defining the Relevant Markets
    - Product Market Definition
    - Geographic Market Definition
  - Counting Businesses in the Relevant Markets
    - Estimate the Total Number of Businesses in the Market
    - Identify Listed DBEs
    - Verify Listed DBEs and Estimate Unlisted DBEs
  - Estimating Baseline DBE Availability
  - Adjusting Baseline DBE Availability
    - Evidence from Previous Illinois Area Disparity Studies
    - Race and Sex Disparities in Earnings
    - Race and Sex Disparities in Business Formation
    - Estimates of Adjusted DBE Availability
  - Conclusion

III. Maryland Study

- "Disadvantaged Business Enterprise Availability Study," prepared for the Maryland Department of Transportation, State Highway Administration by NERA (November 2, 2006).
  - Introduction
  - Defining the Relevant Markets
  - DBE Availability in the State of Maryland's Marketplace
  - Adjusting Baseline DBE Availability
  - References
- "Disadvantaged Business Enterprise Availability Study," prepared for the Maryland Department of Transportation, Maryland Aviation Administration, by NERA (November 2, 2006).
  - Introduction
  - Defining the Relevant Markets
  - DBE Availability in the State of Maryland's Marketplace
  - Adjusting Baseline DBE Availability
  - References
- "Disadvantaged Business Enterprise Availability Study," prepared for the Maryland Department of Transportation, Maryland Transit Administration, by NERA (November 2, 2006).

  - Introduction
  - Defining the Relevant Markets
  - DBE Availability in the State of Maryland's Marketplace
  - Adjusting Baseline DBE Availability
  - References

IV. **Missouri Study**
- "Disadvantaged Business Enterprise Availability Study," prepared for the Missouri Department of Transportation by NERA Economic Consulting (November 26, 2004).
  - Introduction
  - Defining the Relevant Markets
  - Identifying Businesses in the Relevant Markets
  - Estimating Baseline DBE Availability
  - Adjusting Baseline DBE Availability
  - Conclusion

V. **New Jersey Study**
- "State of New Jersey Disparity Study of Procurement in Professional Services, Other Services, and Goods and Commodities," prepared by MGT of America, Inc. (June 13, 2005).
  - Executive Summary
  - 1.0—Introduction
  - 2.0—Legal Review
  - 3.0—Review of Contracting Policies, Procedures, and Programs
  - 4.0—Relevant Market Area, Utilization, and Availability Analyses
  - 5.0—Disparity Analysis
  - 6.0—Anecdotal Analysis
  - 7.0—Disparity Analyses and the New Jersey Private Sector
  - 8.0—Findings and Conclusions
  - 9.0—Recommendations
  - Appendices A-L

VI. **North Carolina Study**
- "North Carolina Department of Transportation Second Generation Disparity Study—Final Report," prepared for the North Carolina Department of Transportation (through the North Carolina Institute for Minority Economic Development, Inc.) by MGT of America, Inc. (March 30, 2004).
  - 1.0—Introduction
  - 2.0—Legal Review
  - 3.0—Review of Contracting Policies, Procedures, and Programs
  - 4.0—Relevant Market Area, Utilization, and Availability Analyses
  - 5.0—Disparity Analysis
  - 6.0—Anecdotal Analysis
  - 7.0—Private Sector Utilization and Disparity Analyses

    - 8.0—Findings and Conclusions
    - 9.0—Recommendations
    - Appendices

VII. **Washington State Study**

- "Race, Sex, And Business Enterprise: Evidence From the State of Washington," prepared for the Washington State Department of Transportation by NERA Economic Consulting for the Washington State Department of Transportation (October 20, 2005).
    - Introduction
    - Defining the Relevant Markets
    - Identifying Business in the Relevant Markets
    - Estimating Baseline DBE Availability
    - DBE Participation in WSDOT Contracting and Subcontracting, FFY 1999-2003.
    - Disparities in MBE Business Formation and Business Owner Earnings
    - Tables
    - Conclusion
    - References
- "Anecdotal Evidence of Race and Sex Disparities in the Washington State Department of Transportation's Contracting Market Place", prepared for the Washington State Department of Transportation by Colette Holt and Associates (July 2006).
    - Introduction
    - DBEs' Experiences in WSDOT's Marketplace
    - Non-DBEs' Experiences with WSDOT's DBE Program
    - Conclusion

Written Statement of Genesis, the Los Angeles Bus Riders Union, Public Advocates Inc., and Urban Habitat

Concerning the American Recovery and Reinvestment Act of 2009

House Committee on Transportation and Infrastructure

January 21, 2009

Chairman Oberstar and Members of the Committee:

We respectfully request the Committee to include emergency support for *transit operations* in the American Recovery and Reinvestment Act of 2009. Transit systems throughout the nation are facing unprecedented budget shortfalls as local and sales tax revenues, which have traditionally supported transit operations, continue to decline. Without immediate federal aid, numerous transit systems will be forced to implement sweeping layoffs, service cuts and fare increases in the coming fiscal year. Such measures would not only inflict a staggering blow to efforts to maintain and create jobs to reinvigorate the economy, but would also exacerbate social and economic inequities already affecting low-income populations and communities of color.

The most urgent need facing transit operators and transit riders today is funding to maintain and expand the *operating* capacity of existing transit systems. The American Public Transportation Association warns that "U.S. transit systems are currently under tremendous pressure to cut service and reduce service routes due to state and local difficulties caused by the current economic crisis." The operating crisis facing transit operators is far-reaching. For instance:

Transit System	Projected FY 2009-10 Budget Shortfall (in Millions)
Atlanta – MARTA	70
Los Angeles – MTA	134
New York – MTA	1, 440
Oakland – AC Transit	45
Portland – TriMet	30
San Francisco – BART	50
San Francisco – MTA	60
St. Louis – Metro	50
Washington D.C. - WMTA	176

The current legislation does not address this operating crisis. The severity of the current economic downturn requires a recovery package that can deliver maximum relief immediately and get people back to work. The current bill, however, largely restricts the $9 billion for Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and Capital Investment Grants to capital projects. Funding new "shovel-ready" transit projects and repairing the nation's aging transit fleet – while important components of an effective package – are not alone sufficient. Without an infusion of emergency funding for transit operations, there will be insufficient funds to operate existing bus, rail and paratransit services, much less operate new transit projects. In addition, looming operating deficits will eliminate and/or negatively impact thousands of transit jobs in the immediate future, and lead to a dramatic cut back in transit service – stranding both workers and their families. The question is inescapable: how far will the benefits of transit capital projects reach if we cannot afford to operate them and families cannot afford to ride them?

Reactions to the Operating Funding Crisis

New York – MTA "The mother of all fare hikes..." and "[d]raconian service cuts...." *New York Daily News*, 12/23/2008.

St. Louis – Metro "Metro will cut bus service by 43.7 percent...." *Suburban Journals* 12/25/2008. "Metro plans to lay off 600 workers, or 25% of its workforce...." *St. Louis Business Journal*, 12/19/2008.

Atlanta – MARTA "'We are talking about a draconian – unbelievably draconian – reduction in service,' said MARTA General Manager Beverly Scott." *Atlanta Journal Constitution*, 12/16/2008.

San Francisco – BART "BART looks to higher fares, service cuts..." *San Francisco Chronicle*, 1/14/2009. "Officials say the cuts to their organization are larger than expected, leaving them scrambling for options." *The Daily Californian*, 10/2/2008.

Chicago – CTA "Fare hikes on the CTA and Pace will hit Thursday..." *Sun Times*, 12/29/2008.

Boston – MBTA "[T]he Board has included fare hikes and service cuts to plug the budget gap." *Boston Globe*, 12/28/2008.

Baltimore – MTA "...is cutting back train and bus service even as more riders flock to the public transit system." *The Examiner*, 12/30/2008.

An infusion of $4 billion in emergency operating grants will avert the pending operating crisis, maintain and expand "green-collar" jobs, and spur economic activity. A recovery package that complements *capital* projects with *operating* support for existing public transportation will provide much-needed relief to our nation's ailing transit operators. Because operating grants create more jobs than capital grants, and can be obligated far more quickly, investments in transit operations will also preserve and deliver immediate unionized jobs that provide healthcare coverage and good wages.[1] Beyond job creation, operating funds for transit would have a range of well-documented economic multiplier effects:

- $1 invested in transit operations produces $3.20 in increased business sales.[2] This 300% multiplier means both additional jobs in the local economy *and* increased sales tax revenues for state and local governments – making transit systems more efficient and less dependent on operating grants in the future.

- Conversely, $1 in service cuts resulting from operating deficits yields $10 in local economic harms from lost wages and productivity, and increased transportation costs.[3] These harms fall hardest on disadvantaged communities, youth, seniors and people with disabilities, who depend on public transportation to reach jobs, schools, job training, and life's necessities such as health care and grocery stores.
- Increasing transit service can be a powerful anti-poverty strategy. Households that use public transit save an average of $6,251 per year.[4] And families in areas with robust transit networks spend only 10% of their income on transportation, whereas those in auto-dependent communities spend as much as 25%.[5]

Transit systems and working families need economic relief now more than ever. We urge the Committee to include $4 billion in emergency aid to our nation's ailing transit operators in the American Recovery and Reinvestment Act of 2009.

Respectfully submitted by:
Genesis (Oakland, CA)
Los Angeles Bus Riders Union (Los Angeles, CA)
Public Advocates Inc. (San Francisco, CA)
Urban Habitat (Oakland, CA)

***Genesis**, a local affiliate of the Gamaliel Foundation, unites people and congregations in the East Bay of the San Francisco Bay Area to work for social justice.*

*The **Los Angeles Bus Riders Union**, a project of the Labor/Community Strategy Center, is a progressive civil rights and environmental justice membership organization. Beginning with the mass transit and public health needs of the multi-racial, multi-ethnic communities who are transit dependent in Los Angeles, the Bus Riders Union seeks to promote environmentally sustainable public transportation for the entire population of Los Angeles, on the premise that affordable, efficient, and environmentally sound mass transit is a human right.*

***Public Advocates Inc.** is a nonprofit law firm and advocacy organization with offices in San Francisco and Sacramento that challenges the systemic causes of poverty and racial discrimination by strengthening community voices in public policy and achieving tangible legal victories advancing education, housing and transit equity.*

***Urban Habitat** is a non-profit organization with a mission to build power in low-income communities and communities of color by combining education, advocacy, research and coalition-building to advance environmental, economic and social justice in the Bay Area. Urban Habitat works to advance equity and improve public transit affordability and reliability for the Bay Area's low-income neighborhoods of color.*

For more information, please contact Guillermo Mayer or Richard Marcantonio, Public Advocates Inc. at (415) 431-7430 or gmayer@publicadvocates.org.

[1] Operating expenditures create 19% more jobs than capital projects. Surface Transportation Policy Project analysis of FHWA JOBMOD: Construction Employment Model, as reported in *Decoding Transportation Policy & Practice #11: Setting the Record Straight.* January 28, 2004. Accessed at http://www.transact.org/library/decoder/jobs_decoder.pdf. See also P. Haas, B. Taylor, S Van Beck, K. Samples, J. Li & D. Lewis, *Capital and Operating Grants for Transit in California: The Effects of Outlays and Expenditures* (Norman Y. Mineta International Institute for Surface Transportation Policy Studies, July, 1997) ("operating expenditures generate more employment and economic growth than do capital expenditures.").

[2] "It is estimated that every $10 million in capital investment in public transportation yields $30 million in increased business sales, and that every $10 million in operating investment in public transportation yields $32 million in increased business sales. Further, every $1 taxpayers invest in public transportation generates $6 in economic returns." American Public Transportation Association, *Statement of National Purpose*. Accessed at http://www.apta.com/research/info/online/post_safetea_lu.cfm.

[3] Orain & Associates, and Byrd R., *Using Public Transportation to Reduce the Economic, Human and Social Costs of Personal Immobility* (1998), Appendix (prepared for the Transit Cooperative Research Program of the Transportation Research Board, National Research Council). This case study of bus service cuts prompted by a $4.8 million operating budget shortfall concluded that they cost minority and low-income riders $48.1 million. Accessed at http://books.nap.edu/openbook.php?record_id=9438&page=129.

[4] H.R. 6052, introduced on May 14, 2008. See also American Public Transit Association, *Public Transportation Reduces Greenhouse Gases and Conserves Energy* at 3 (citing "Public Transportation and Petroleum Savings in the U.S.: Reducing Dependence on Oil," ICF International, January 2007). Accessed at http://www.apta.com/research/info/online/greenhouse_brochure.cfm.

[5] Center for Transit-Oriented Development and Center for Neighborhood Technology, *The Affordability Index: A New Tool for Measuring True Affordability of a Housing Choice* (Brookings Institution, January 2006) at 2. Accessed at http://www.brookings.edu/reports/2006/01_affordability_index.aspx.