AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

THE FEDERAL ROLE IN AMERICA'S INFRASTRUCTURE

(113–1)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

FEBRUARY 13, 2013

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: http://www.gpo.gov/fdsys/browse/committee.action?chamber=house&committee=transportation

U.S. GOVERNMENT PRINTING OFFICE

78–920 PDF WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

BILL SHUSTER, Pennsylvania, *Chairman*

DON YOUNG, Alaska
THOMAS E. PETRI, Wisconsin
HOWARD COBLE, North Carolina
JOHN J. DUNCAN, JR., Tennessee, *Vice Chair*
JOHN L. MICA, Florida
FRANK A. LOBIONDO, New Jersey
GARY G. MILLER, California
SAM GRAVES, Missouri
SHELLEY MOORE CAPITO, West Virginia
CANDICE S. MILLER, Michigan
DUNCAN HUNTER, California
ANDY HARRIS, Maryland
ERIC A. "RICK" CRAWFORD, Arkansas
LOU BARLETTA, Pennsylvania
BLAKE FARENTHOLD, Texas
LARRY BUCSHON, Indiana
BOB GIBBS, Ohio
PATRICK MEEHAN, Pennsylvania
RICHARD L. HANNA, New York
DANIEL WEBSTER, Florida
STEVE SOUTHERLAND, II, Florida
JEFF DENHAM, California
REID J. RIBBLE, Wisconsin
THOMAS MASSIE, Kentucky
STEVE DAINES, Montana
TOM RICE, South Carolina
MARKWAYNE MULLIN, Oklahoma
ROGER WILLIAMS, Texas
TREY RADEL, Florida
MARK MEADOWS, North Carolina
SCOTT PERRY, Pennsylvania
RODNEY DAVIS, Illinois

NICK J. RAHALL, II, West Virginia
PETER A. DEFAZIO, Oregon
ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
CORRINE BROWN, Florida
EDDIE BERNICE JOHNSON, Texas
ELIJAH E. CUMMINGS, Maryland
RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts
TIMOTHY H. BISHOP, New York
MICHAEL H. MICHAUD, Maine
GRACE F. NAPOLITANO, California
DANIEL LIPINSKI, Illinois
TIMOTHY J. WALZ, Minnesota
STEVE COHEN, Tennessee
ALBIO SIRES, New Jersey
DONNA F. EDWARDS, Maryland
JOHN GARAMENDI, California
ANDRÉ CARSON, Indiana
JANICE HAHN, California
RICHARD M. NOLAN, Minnesota
ANN KIRKPATRICK, Arizona
DINA TITUS, Nevada
SEAN PATRICK MALONEY, New York
ELIZABETH H. ESTY, Connecticut
LOIS FRANKEL, Florida
CHERI BUSTOS, Illinois

CONTENTS

Page

Summary of Subject Matter iv

TESTIMONY

Hon. Edward G. Rendell, Cochair, Building America's Future 5
Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce 5
Terence M. O'Sullivan, General President, Laborers' International Union of North America 5

PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS

Hon. Timothy H. Bishop, of New York 47
Hon. Eddie Bernice Johnson, of Texas 49
Hon. Timothy J. Walz, of Minnesota 50

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Hon. Edward G. Rendell 51
Thomas J. Donohue 58
Terence M. O'Sullivan 77

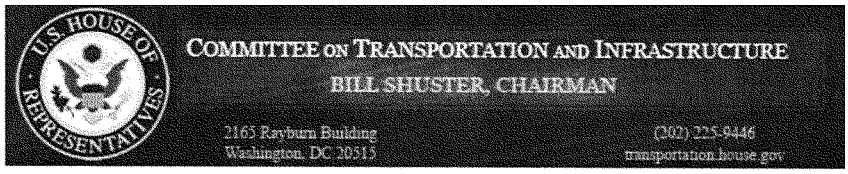
SUBMISSIONS FOR THE RECORD

Hon. Peter A. DeFazio, a Representative in Congress from the State of Oregon, request to submit written testimony from the Water Infrastructure Network 18

ADDITIONS TO THE RECORD

American Association of Port Authorities, Kurt J. Nagle, President and CEO, written testimony 81
American Public Works Association, Elizabeth Treadway, PWLF, President, written testimony 85
American Society of Civil Engineers, written testimony 92
Building America's Future Educational Fund, Building America's Future: Falling Apart and Falling Behind (2012) ..... †
The Leadership Conference on Civil and Human Rights, Wade Henderson, President and CEO, written testimony 96
Water Environment Federation, Jeffery A. Eger, Executive Director, letter to Hon. Bill Shuster, a Representative in Congress from the State of Pennsylvania, and Hon. Nick J. Rahall, II, a Representative in Congress from the State of West Virginia, February 13, 2013 99

† "Building America's Future: Falling Apart and Falling Behind" can be found online at the Government Printing Office's Federal Digital System (FDsys) at http://www.gpo.gov/fdsys/pkg/CPRT-113HPRT79795/pdf/CPRT-113HPRT79795.pdf.



February 11, 2013

SUMMARY OF SUBJECT MATTER

TO:	Members, Committee on Transportation and Infrastructure
FROM:	Staff, Committee on Transportation and Infrastructure
RE:	Full Committee Hearing on "The Federal Role in America's Infrastructure"

PURPOSE

The Committee on Transportation and Infrastructure will meet on Wednesday, February 13, 2013, at 11:00 a.m. in Room 2167 of the Rayburn House Office Building to receive testimony related to the Federal role in America's infrastructure. At this hearing, the Committee will underscore the importance of infrastructure to the U.S. economy and examine the role of the Federal Government in providing safe, efficient, and reliable infrastructure. The Committee will hear from the President and CEO of the U.S. Chamber of Commerce, the former Governor of Pennsylvania and current Co-Chair of Building America's Future, and the General President of the Laborers' International Union of North America.

BACKGROUND

The Federal Role in Infrastructure

Infrastructure provides a strong physical platform that facilitates economic growth, ensures global competitiveness, and supports national security. Providing the Nation with this platform has long been recognized as a Federal responsibility that is shared with States and local governments.

V

Adam Smith, one of the most influential thinkers in the history of economics and the author of the Wealth of Nations (1776), argued the three essential duties of government are to provide security, preserve justice, and erect and maintain public works to facilitate commerce. Smith believed the government must play this role because an individual or group of individuals could not pay to build these public works on their own. On the other hand, a government could construct such infrastructure, and those facilities would pay for themselves by facilitating commerce.

The Founding Fathers also understood the importance of connecting the country through trade and travel. They recognized that robust infrastructure is necessary to achieve that goal. However, one of the greatest weaknesses of the Articles of Confederation was that it provided no means for Congress to regulate commerce between the States. This weakness was underscored by a dispute between Maryland and Virginia regarding navigation rights on the Potomac River. This dispute prohibited the Nation from connecting the country through a coordinated system of canals and portage roads across the Allegheny Mountains. The Founders remedied this weakness by clearly tasking Congress with fulfilling this obligation in the Constitution. Article 1, Section 8 of the Constitution directs Congress to establish post roads and to regulate interstate commerce.

The two Supreme Court cases of *Monongahela Navigation Company v. United States*, 148 U.S. 312 (1893) and *Wilson v. Shaw*, 204 U.S. 24 (1907) have further highlighted the role and responsibility of Congress in providing public infrastructure. *Monongahela Navigation Company* held, in part, that the Federal Government has the power to regulate commerce between States even if it means condemning and appropriating a lock and dam on a navigable waterway, and *Wilson* held that the Commerce Clause of the United States Constitution authorizes Congress to establish an interstate highway system. These cases settle any question as to the constitutionality of Federal investment in the Nation's infrastructure.

From the Transcontinental Railroad to the Panama Canal to the Interstate Highway System, Congress has continued to invest in infrastructure to ensure the connectedness of the Nation and to support the needs of the American people.

The U.S. Transportation System

Today, the Nation's transportation system is an extensive network of highways, airports, railroads, public transit systems, waterways, ports, and pipelines that provide a means for taxpayers to travel to and from work and to conduct business. Over 4,059,399 miles of public roads connect with 19,782 airports, 161,195 miles of railroad, 242,306 miles of public transit route miles, 1,735,237 miles of pipeline, 25,320 miles of navigable waterways,[1] and 360 commercial ports.[2]

The United States transportation system provides businesses and consumers with access to goods and services and creates jobs and generates revenue. Transportation-related goods and

[1] U.S. Department of Transportation, Bureau of Transportation Statistics, *Pocket Guide to Transportation*, January, 2013.
[2] American Association of Port Authorities, *U.S. Public Port Facts*, February 8, 2013.

services made up 10.2 percent of the Nation's gross domestic product in 2011, or $1.6 trillion.[3] Transportation-related expenditures accounted for 16.7 percent of spending by the average American household in 2011, which is second only to housing expenditures.[4] Over 12,086,000 jobs in the United States were transportation related in 2010.[5] The role of the transportation system in each person's life cannot be overstated.

The importance of the Nation's transportation system can be better appreciated by observing how the system is utilized by people and businesses. In 2010, the system carried over 2.9 trillion vehicle miles (including cars, trucks, motorcycles, and buses), over 564 billion passenger miles by air, over 35 billion passenger miles by rail (including transit and Amtrak), and over 2.5 billion passenger miles by other modes of public transit.[6]

The assertion that the transportation system is the lifeblood of the Nation's economy is evidenced by the enormous amount of goods that travel on the system. In 2011, the system carried over 1.47 billion tons of merchandise (including imports and exports) by waterways, over 8.2 million tons of merchandise by air, over 207.8 million tons of merchandise by truck, over 142 million tons of merchandise by rail, and over 122.9 million tons of merchandise by pipeline.[7]

WITNESS LIST

The Honorable Edward G. Rendell
Co-Chair
Building America's Future

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

Terry O'Sullivan
General President
Laborers' International Union of North America

[3] *Ibid.*
[4] *Ibid.*
[5] *Ibid.*
[6] *Ibid.*
[7] *Ibid.*

THE FEDERAL ROLE IN AMERICA'S INFRASTRUCTURE

WEDNESDAY, FEBRUARY 13, 2013

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

The committee met, pursuant to call, at 11:00 a.m., in Room 2167, Rayburn House Office Building, Hon. Bill Shuster (Chairman of the committee) presiding.

Mr. SHUSTER. The committee will come to order. I first want to welcome everybody to today's first hearing of the committee in this Congress, and the subject matter is critical to the importance of the national economy. But I first need to start with something a little unpleasant but I need to make this statement before I go on. I want to make a short apology. Last night I was quoted in response to the President's State of the Union Address that I implied he was lying about CEOs that wanted to invest in a country that has high-speed rail. This type of incendiary rhetoric is not my style at all. I regret using those words, and while I continue to disagree with the President on this point, I do not think the President is a liar, and I think it is important I start that off as we move forward in a very positive way.

Again I am pleased that everybody is here. It looks like we have a full house. I expect a lot of Members to come in on our side of the aisle. If you hear a gavel, seniority rules, but if a more senior Member comes we are going to go to the Members that were here at the beginning. So I figure you are here on time, you get to be rewarded.

I am pleased to welcome our distinguished witnesses: the Honorable Ed Rendell, former Governor of the great Commonwealth of Pennsylvania. He is also the cochair of Building America's Future. Thank you, Governor, for being here today.

Tom Donohue, the president and CEO of the U.S. Chamber of Commerce and a real advocate for transportation, I appreciate you and all your work you have been doing over the past couple of years.

And Terry O'Sullivan, the general president of the Laborers' International Union of North America, thank you for taking the time to be here today. I can't wait to hear what you have to say.

Transportation is important. It is about people and how they live their lives, how they get to work, how they get their children to school, how they buy food, clothes and other necessities, and how families visit one another around the country. It is also about business. Transportation is critical on how the supply chain functions,

how raw materials get to factories, how goods get to the markets, how food gets from the farmers to our kitchens, and how energy products move from production areas to consuming areas. An efficient national transportation network allows business to lower transportation costs, which lowers production costs and enhances productivity and profits. It allows American business to be competitive in the global marketplace and for our economy to prosper and grow.

One need only to look at our Interstate Highway System and see how that investment in our national transportation network has benefited our Nation and caused tremendous economic growth over the past two generations.

The Federal Government has historically played a role in transportation. Remarkably, the event that unexpectedly led to the Constitutional Convention was a longstanding dispute between Virginia and Maryland regarding navigation rights on the Potomac River, regarding transportation improvements proposed by George Washington.

George Washington was determined that the new Nation must have the capacity to be connected through effective trade and communications through transportation and infrastructure projects. However, Washington's efforts to extend navigation required a formal treaty between Maryland and Virginia and elaborate approvals from other States in the Continental Congress. To settle that dispute he convened a meeting at Mount Vernon, which was unsuccessful, and then he continued to work on it and then they called another convention in Annapolis in 1786 to deal with the Articles of Confederation and how they would move forward on this issue of navigation rights, and that summit failed. And as the participants left they understood that if they were going to be a United States they had to improve the Articles of Confederation.

This is a very real sense that the Constitutional Convention and the Constitution itself were in response to meeting the transportation and commerce needs of a young Nation, notably the Commerce Clause. It gives the Congress the power to regulate interstate commerce and create, in the words of the Preamble, a more perfect union. Article I, Section 8, clause 3 of the Constitution contains the Commerce Clause, which says, to regulate commerce with foreign nations among several States and the Indian tribes. And Article I, Section 8, clause 7, to establish post offices and post roads, and those post roads of the 1780s and 1790s are the highway system and the byway system that we use today. And we continued to invest over the centuries from the Transcontinental Railroad, to the Panama Canal, to the Interstate Highway System. And why, why do we do this? To ensure that the Nation was connected, support the needs of the U.S. economy and the American people.

Our national transportation system binds us together, physically binds us together. As President Dwight Eisenhower observed, without the unifying force of commerce and transportation we would be a mere alliance of many separate parts. Congress must renew its commitment to providing a robust physical platform upon which the American people in business can compete and prosper.

You know the consequences of inadequate transportation and infrastructure. A major event that compromise safety and efficiency

of one mode can create a ripple effect throughout the entire system, impeding freight and passenger mobility.

Last Congress we made solid progress towards addressing our infrastructure needs by passing surface transportation and aviation bills. And I give great credit to Chairman Mica for his leadership on both those efforts.

But there is more work to be done and this committee takes the lead on promoting legislation that addresses our Nation's infrastructure needs. First up is WRDA, Water Resources Develop Act, which was last enacted in 2007 and ideally that bill should be reauthorized every 2 years. In September the Passenger Rail Bill expires and so we need to be working on that, dealing with safety and rail and also the passenger system in this country. And then the Surface Transportation Bill, which expires in September of 2014, which we are working on and we will use this hearing today as a kickoff and start working making progress towards that bill.

We can be successful, we must be successful. It needs to be a bipartisan effort. We need to build consensus and work together. It will promote competitiveness and economic growth. We need to focus our resources where they are most needed, and I still believe we need to go further when it comes to reform programs. Spending taxpayer dollars wisely is needed. And those reforms moving forward to continue to do that to give the States the flexibility to speed up the time it takes to do the major transportation projects saves us time, saves us money.

Investing in our transportation system is our shared responsibility if we want to ensure prosperity of the Nation for future generations. Every day I talk to my colleagues about the importance of our transportation system. The Nation's fiscal issues present many challenges and we are faced with difficult choices, but the consequences of inaction are dire. If we are successful, and I believe we will be, then we can facilitate economic growth and ensure Americans' quality of life for years to come.

And with that I would like to recognize the ranking member of the full committee, Mr. Rahall, for an opening statement.

Mr. RAHALL. Thank you, Mr. Chairman. And I thank you for calling this kickoff hearing as your chairmanship begins, and it could not be on a more pertinent topic of our Federal role in transportation and infrastructure investment.

I want to first welcome, although they may have just left, a delegation with whom I just met from the European Parliament Committee on Transportation and Tourism chaired by Chairman Brian Simpson. So I welcome them to our hearing today.

Throughout our Nation's history the Federal Government has played a vital and inextricable role in the development of our infrastructure and the various transportation modes it supports. Our Founding Fathers enshrined a Federal role for transportation in our U.S. Constitution and the leaders that followed made the hard choices to build the Transcontinental Railroad and the Interstate Highway System. Together these investments connected our Nation from sea to shining sea and paved the way for a new age of American opportunity and prosperity.

Today infrastructure investment remains an essential component of our economic competitiveness and ability to create desperately

needed, good paying jobs. Despite the critical role that the Federal Government has played in the development of infrastructure for generations, it now faces an uncertain future. The hard choices of the past have given way to a political will that never sees beyond the next election. It is time to recognize that Congress must again make hard choices. We must again move beyond rhetoric in support of infrastructure and recognize that it is indeed about the money.

Will we find the necessary resources to increase investment in infrastructure and ensure that we leave our Nation better off for the next generation? It begins with budget sequestration, which will hit the Federal budget in just 7 legislative days. If Congress allows the sequester to go into effect this self-inflicted wound will cut infrastructure investment and eliminate thousands of good paying jobs. The sequester will cut about $1 billion from the U.S. Department of Transportation, $600 million from the Army Corps of Engineers, and $4 billion from transportation infrastructure programs in fiscal year 2013 alone.

But the sequestration's impact on our transportation infrastructure would be minimal, it would be minimal compared to some of the budget proposals that we have recently seen put forward in this Congress. The chair of the Budget Committee, for example, has indicated that this year's budget resolution will require a balanced budget within 10 years. Now a balanced budget, certainly it is a laudable goal, but if the budgetary priorities chosen to balance the budget in 10 years closely mirror those that Chairman Ryan selected when he proposed to balance it over 30 years ago in the last Congress, the Federal Government will go from playing a leading role in infrastructure investment to just being one of the extras.

Rather than cutting Federal investment, we need to be doing more, much more in my opinion to rebuild our crumbling infrastructure and put Americans back to work. One way we can do this is by making sure that our Federal investments in highways, bridges, public transit and passenger rail systems, airport projects and water infrastructure projects are crafted with American, American workmanship and support good paying American jobs.

I will soon be introducing legislation, which I invite Members on both sides of the aisle to join me in cosponsoring, a bill that ensures our transportation infrastructure investments will be stamped Made in America. By closing the critical loopholes in our Buy America laws we can ensure that these investments, financed by the U.S. taxpayers, will be used to create and sustain good paying jobs in our local communities, not outsourced overseas.

In conclusion, Mr. Chairman, I do welcome our witnesses today, three very good friends, Terry O'Sullivan from the Laborers' and Tom Donohue from Chamber of Commerce. We back a few years on this issue in his previous hat, as well as good friend the former Governor of Pennsylvania. I look forward to hearing their comments about financing and ensuring that our Nation's critical infrastructure investments continue to support jobs, economic growth and a strong middle class in this country.

Thank you, Mr. Chairman.

Mr. SHUSTER. I thank the gentleman. Again I would like to welcome our witnesses here, thank them for spending some time with

us today. I ask unanimous consent that our witnesses' full statements be included in the record. Without objection, so ordered. Since your written testimony has been made part of the record we would like to keep you around 5 minutes, but I know you have an awful lot, the three of you, to say. So we will probably be a little bit liberal with that 5 minutes this morning.

So with that, I recognize Governor Rendell for his statement.

TESTIMONY OF THE HONORABLE EDWARD G. RENDELL, CO-CHAIR, BUILDING AMERICA'S FUTURE; THOMAS J. DONOHUE, PRESIDENT AND CEO, U.S. CHAMBER OF COMMERCE; AND TERENCE M. O'SULLIVAN, GENERAL PRESIDENT, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA

Mr. RENDELL. Good morning, it is a pleasure to be here, and let me say as a proud Pennsylvanian it is a pleasure to take part in your first hearing as chairman.

Politicians, myself included, always talk about American exceptionalism. We talk about it, but I believe we have mostly recently given lip service to the term "American exceptionalism." We can't be an exceptional country without a first-class infrastructure. And let the record show we don't have one anymore.

In 2005, the World Economic Forum ranked the U.S. infrastructure number one in the world for economic competitiveness. Now 8 years later we rank 14th in the same study. Our air transport infrastructure ranks 30th in the world behind countries like Panama and Malaysia. Our port infrastructure ranks 19th in the world behind countries like Estonia and Iceland.

It is no surprise as China has put $3.5 trillion into its ports in the last 10 years, Brazil has put $250 million into developing the Acu Port, which is bigger than the island of Manhattan. We don't even allow the Harbor Maintenance Trust Fund to fully fund port development and dredging. Only two ports on the east coast will be ready for Panamax. It is a disgrace. I don't want to hear anybody talk about American exceptionalism who is not ready to invest in our infrastructure.

Building America's Future, the group that I founded along with Mayor Bloomberg of New York and Governor Schwarzenegger of California, issued a report 2 years ago and updated it last year called "Building America's Future: Falling Apart and Falling Behind." And let the record show we are falling apart literally and we are falling behind our competitor nations.

[The report is available at the Government Printing Office's Federal Digital System (FDsys) at http://www.gpo.gov/fdsys/pkg/CPRT-113HPRT79795/pdf/CPRT-113HPRT79795.pdf.]

Infrastructure is important for three reasons, it affects our public safety. We have seen that time and time again. It affects or quality of life, and most of all it affects our economic competitiveness. Metallurgical coal is highly prized. It is the food substance for the production of coke. China has a need for metallurgical coal despite the fact it is a big coal producing country. It is found in Australia and the U.S. Both countries are high labor cost countries, but Australia can produce and send metallurgical coal to China for one-fourth the cost the U.S. can because they can move their metallurgical coal

from where it is mined to their port cities infinitely faster, more efficiently and more capably than we do. Goods movement is one of the keys to economic competitiveness, and we are getting our brains beaten in.

Now the American taxpayers understand that. In the last four elections, taxpayers have approved transportation initiatives by 61 percent in the tough year of 2010 and 77, 76 and 78 percent in the last three elections. It is Red State, Blue State, it doesn't matter. In Charleston the voters voted to raise their own sales tax to make the port of Charleston competitive because Charlestonians understand that their economy depends on a viable, effective efficient operating port. The American people get it, not uniformly, there are some examples of referendums that are being turned down, but for the most part they vote for tolling, taxes or borrowing to finance and fund infrastructure.

The Federal Government can't do this alone, we understand that. State and local governments provide 75 percent of current infrastructure funding, but the Federal Government must be a player.

Let me draw your attention to one part of the stimulus that I think we will all agree was enormously successful, and that was TIGER grants. TIGER grants were successful because for the first time we had a vehicle for multistate projects, where States could band together and come in and ask the Federal Government for help on a project that benefited many of them. Pennsylvania participated, as you know, Chairman Shuster, in two projects, the National Gateway and the Crescent Corridor. The National Gateway and Crescent Corridor each had multiple States involved, one was Norfolk Southern and the other was CSX. They were responsible for opening up freight in the eastern half of the country. I was able with the help of my fellow Governors to persuade a number of Governors, all six of us, to go in and put our own State money in. The companies put in about 40 percent of the money, but these projects would not have been underway producing good jobs were it not for the TIGER grant program. TIGER gave funds to both projects and they are both among the best things we have done for freight rail in this country in the last 50 years.

Now Building America's Future has some specific recommendations, and I know I am running short on time but let me run through them quickly and then I am happy to answer questions.

Mr. SHUSTER. Take your time.

Mr. RENDELL. First, we think there should be a short-term boost in infrastructure spending above and beyond MAP–21, and I think the Congress did a good job on MAP–21, a lot of key reforms, speeding up the process, cutting down the delays in environmental regulations, the increase in funding for TIFIA. MAP–21 was a very good step in the right direction, but we need a short-term influx I think along the lines that the President proposed. But if we do it, if you do it, we suggest you put a rider in called use it or lose it. When we met with the President 2 months after his election in Philadelphia in 2008, we recommended use it or lose it. By use it or lose it I mean if a State doesn't get its share of that money, out the door; if jobs aren't being created, if money isn't being put into roads or bridges then the State should lose the money. Under current Federal standards if the State obligates the money that is con-

sidered enough, but obligation doesn't mean work begins, it doesn't mean money is being spent, it doesn't mean jobs are created.

You all know the impact of infrastructure spending. DOT and other experts estimate that for every billion dollars of infrastructure spending, 25,000 well-paying jobs are created and, Congressman Rahall, jobs that cannot be outsourced. And just think if we did $50 billion like the President recommended, that is 1 million, over 1 million well-paying jobs that can't be outsourced.

But we think that we need much more than that. We think we need to be able to step back and look at the long-term infrastructure needs of the country, not just transportation. But how about our electric grid? Think of all the jobs we would create if we took a power line that is above ground and buried it. We would never have a Hurricane Sandy again, we would never have a winter storm Nemo again, we wouldn't have people in danger of freezing to death. Just think of the jobs we would create.

Now, it is obviously an expensive proposition, but is it worth it? Well, you know the CBO in 2008 in a study estimated that we could spend $185 billion a year more on infrastructure and it could be justified by the economic and societal benefits that would be created. So we think—and we have written the President and asked for a commission appointed by the President and by legislative leaders to study and develop a 6-month study, a quick study, study and develop ways, one, identify what our needs are, our real needs, set priorities and figure out ways, and funding suggestions to give the Congress and the administration. Unfortunately we haven't gotten a reply from the President to the letter we sent him on November 1st, but we think that type of commission with experts, former elected officials, academicians, people who know the business is a great idea.

Next we need an infrastructure bank. An infrastructure bank works. Ranking Member Rahall, you said you had the European folks in. The European Infrastructure Bank loans out hundreds of billions of dollars a year and they make money. They not only cover their administrative costs, but they actually make a profit. Even though the interest they charge is fairly low, they make a profit. You could fund $50 billion of loan capacity for $5 billion. Under Federal regulations you only have to do $1 for every $10 of loan capacity. Five billion dollars would produce fifty billion dollars. When you think of the success of the TIFIA program and think of the demand that exists for TIFIA, to create an infrastructure bank that could loan out $50 billion, just think of the projects that would be undertaken by doing that. I know there are issues involved in the infrastructure bank, but I think it is important enough that we should resolve them.

Tolling, you should lift the ban on States tolling Federal highways, highways that were built with Federal funding. Let me give you an example of a small State, Rhode Island. Rhode Island and Pennsylvania are two States that don't toll I–95. They grandfathered in all the States that tolled it at the time Congress passed the regulation barring State tolling. Rhode Island has enormous repair needs on I–95. Tolling would produce $39 million a year for Rhode Island. With that $39 million flow they could produce a half billion dollars to repair I–95 along the stretch that goes through

Rhode Island. Without it they have no chance, and that stretch of I–95 will continue to deteriorate. The same thing is true in Pennsylvania. You know that I applied for one of the slots to toll I–80 and I was turned down by the United States DOT even though it is really the only way to continue to fund all of the needs in I–80 because of its elevation and the weather that it endures. So unlock and free the States to toll their roads. I know there is a theory that you paid for it once, but yes, you pay for a car when you buy it, but you also pay to maintain it year after year after year.

TIGER, we have to find a mechanism, maybe through the infrastructure bank, where we make money available for regional and multistate projects, for projects that States can't do alone, and you can't build. For those people who say let's get out of the business, Federal Government, well think about it, you can't have 50 separate highway systems, because if you go through Pennsylvania you have got to get through to Ohio. If you take a freight train through a State the freight train has got to have a compatible rail bed to go to the next State. You have to have a vehicle. And it is very important to create a vehicle to replace TIGER. TIGER produced the best in transportation projects, the most meaningful, well prioritized projects.

Gas tax. I know it is a difficult time to consider taxes, but I think we have to fund our transportation system and I think the inescapable reality is for the short term that will require an increase in the gas tax. Over the long term we can have a form of vehicle miles traveled tax and there are unobtrusive ways of doing so, the technology is literally being developed that can do it in a nonintrusive way as we sit here and speak.

And lastly BABs. BABs, Build America Bonds, was an enormously successful part of stimulus as well. The Federal Government helps States defray the cost of their own borrowing. The States still pay the majority of the cost of the borrowing but because the Federal Government participates it doesn't have to—if it is $100 billion the Federal Government doesn't pay $100 billion, the States pay the lion's share of it. But that extra help on paying off the debt service for BABs made BABs incredibly popular and incredibly useful for the States.

So there are ways we can help, and let me conclude by saying two things. Number one, you are both right. There has to be a continuing Federal role for all the reasons I discussed and you are going to hear that as well from Mr. Donohue and Mr. O'Sullivan. There has to be a continued Federal role.

Number two, American exceptionalism, if we believe in it, if it is not just words, if it is not just puffing, it is time to put our money where our mouth is.

Mr. SHUSTER. Thank you, Governor.

Mr. Donohue.

Mr. DONOHUE. Well, I am tempted, Mr. Chairman, to say amen and let you go on. But first, Chairman Shuster and Mr. Rahall, it is very good to see you again, and Mr. Petri and all people I have dealt with while at the Chamber but more particularly when I was the ATA. And, Mr. Chairman, thank you for coming to our infrastructure conference today, which is going on right now. You did a great job and people were very pleased to have you there.

Now, look, everyone here today agrees that infrastructure is important to our economy, to our country and to our fundamental way of life. We all agree that it is a topic worthy of a robust and honest discussion and debate. And we all agree that this debate is taking place against, as the Governor said, a few important realities.

First, our infrastructure needs are highly significant. Second, the economy is weak and the Government treasuries are not full. Third, there has been a longstanding Federal role in infrastructure and that must continue.

Fourth, whether justified or not, we are facing a credibility gap. Many of our fellow citizens still equate infrastructure with pork, with politics of waste, with inefficiency, and without a lack of serious priority setting. I would agree with you that most of that is not true, but we have got to deal with that reality. They are legitimate concerns of our fellow citizens that we need to go out and deal with. But none of this changes the fundamental fact that we have got to build and maintain a superior, globally competitive infrastructure and we have got to get the job done one way or another.

There are many extraordinary things we have done in infrastructure. America's capacity to run its supply chain from a technological point of view, from a management point of view, from a competitive point of view is phenomenal, but it is risked every day when the infrastructure we run it on is deteriorating.

The Chamber has its own ideas on how to do all of this, some of which you may like and some of which you may not. The one thing we can't do is neglect the problem. If we do, conditions and performance will get worse. I promise you it will not get better while we sit here and look at it. Materials, labor and land will get more expensive, we will miss opportunities for more dynamic growth, competitiveness and job creation, and we will also forego opportunities to save lives.

So what does the Chamber think? We think we are going to have to raise more money. I thought the Governor raised a lot of issues. Would I agree on all of them? No, but I think they are all worth discussion. From a business standpoint, if you need something that is going to provide a good return, you have to go out and invest in it and buy it. That is why we are willing to pay more in gas and diesel taxes for something we know is going to make us more productive and efficient and lower our costs.

The Chamber supports reasonable increases in gas taxes that are phased in and indexed to inflation. That should cover the Federal responsibility for several years until, as the Governor said, we can figure out a related revenue system.

The private sector is also prepared to pump as much as a quarter of a trillion dollars into private-public partnerships, or P3s. Barriers to private investment, including regulations and administrative procedures that make project delivery take far too long, should be removed or reformed. Every State should have laws that not only allow but welcome P3s. Public-private partnerships introduce innovation in financing, project building and project delivery, they ease the strain on Federal and State budgets and they free up public money for projects that can't attract private investment. We ought to be doing more of them more often.

The bottom line is that there is no path to a 21st-century infrastructure for a 21st-century economy without increasing both public and private investment.

So let's talk about reforms. Though more funding is necessary, it will not be sufficient. We can't build the case for more public investment if taxpayers aren't convinced we are being good stewards with their money. Congress must end, and they are always working on this, waste, and target funding for the highest priorities. We have got to be careful about that. That means focusing on a sensible mix of solutions, not a single prescription, projects based on actual need and not on politics or ideology, and projects that get the biggest bang for the buck, jobs, economic growth, safety. That is why we appreciate MAP–21, as the Governor indicated, the freight provisions there. Done right, real freight plans should help us prioritize and figure out where to put the bucks.

In addition, we can no longer allow cumbersome and expensive processes, environmental or otherwise, that delay or kill infrastructure projects.

By the way, I will tell you on the energy side where, if you look at real spending across the board, a huge percentage of it has something to do with energy, it could be as much as 60 or 70 percent. There are 351 projects that could have been done over the last few years and they are not there because of the "not in my backyard, not in my neighborhood" sentiment. And this is something we really have to look at. It takes too long to build anything in this country, and that discourages private investment, increases cost, and undermines public confidence.

I was in—30 seconds—I was in China about 3 years ago. I remember this trip and I was in this 60-story hotel, beautiful, brand new in Shanghai. I looked out and there was a hole down there. They were building a hole, and there was a camp down there. I came back in 11 months and there was a hotel higher than the one I was in in that hole. Why? We don't want to do it this way, but they had a camp, they had people work 24 hours a day, 7 days a week, different people, and got that done. We don't have to go there, but we damn well have to compete. And that means that we have got to get busy and make some of this work.

So this committee made a great start with MAP–21 and you had a lot of courage to do it, and we look forward to reforms in the water resources bill this year.

So now let me conclude where I began. Neglect is not an option. Sitting on your seat and watching this thing is not going to work anymore. Our infrastructure system is a national asset. We built it up over generations, we have a responsibility to the people that invested in it before and the people that will use it in the future to go forward on this. It has fueled economic growth, enhanced our competitiveness, created a lot of good jobs, sustained our security. If well maintained, boy, that is the big question, it can continue to deliver outstanding benefits to all Americans.

So I am pleased this committee has brought together a diverse group of stakeholders to share ideas and to create a dialogue on how we are going to do this. Closing the gap between needs and resources is going to require just plain old-fashioned leadership. Everybody has got a bigger appetite than they have got the capac-

ity to consume it, and we have got to make choices. Nobody likes choices, we have to make them and I am not going to like all of them, but we need to move forward. We need big solutions. So it is time to put the smallness of politics aside and come together as this committee has done over the years to make this work.

Transportation is a great opportunity to prove that Democrats and Republicans can work together, that States and the Federal Government can each play an appropriate role, that businesses are stepping up to help meet a major national challenge, why the Chamber was founded, and that all parties can come together to actually get something done for the good of the Nation. We are ready to do our part. Just do it.

Mr. SHUSTER. Thank you, Mr. Donohue.

Mr. O'Sullivan, you are recognized.

Mr. O'SULLIVAN. Thank you, Chairman Shuster, Ranking Member Rahall, and distinguished members of the committee. On behalf of the Laborers' International Union, the men and women who dedicate their lives to building America, I want to express our gratitude for the opportunity to speak to you today. Mr. Chairman, it is an honor to be at the first hearing under your leadership. We respect your willingness to take on what will be a tremendous challenge. We are confident that your commitment to our Nation and your family's legacy of safeguarding our fundamental infrastructure will serve you well. I am also honored to be here with two good friends, Tom Donohue of the U.S. Chamber of Commerce and Governor Ed Rendell of Building America's Future, both fine leaders of organizations with whom we share the goal of building a modern and lasting American infrastructure.

LIUNA members helped build the critical infrastructure of our country, but we don't only build. Like all working people, we rely on the basic infrastructure of America every day. This foundation of our great Nation was created with a strong Federal role, and it must be maintained and strengthened with a strong and vibrant Federal role. There is no better example of the need for strong Federal leadership than the state of our Nation's infrastructure. The simple fact is you can't talk about solving a $2.2 trillion problem without a Federal role. We can't fix the 26 percent of our bridges that are deficient or obsolete without Federal leadership. Without a strong Federal role we can't address the fact that each day 7 billion gallons of clean drinking water is lost to leaking pipes or that each year 50 billion gallons of sewage overflows. Nearly 50 percent of the locks on our inland waterways are functionally obsolete. By 2020 that will increase to 80 percent unless there is a strong Federal role.

Mr. Chairman, we believe in an all of the above solutions, user fees, public-private partnerships, new sources of revenue and increased efficiencies. But at the end of the day it is clear that Federal Government must lead. We commend this committee for making that the topic of its first hearing.

With all due respect, the challenge we are facing as a Nation is beyond the capacity of any one city, any one county or even any one State to address solely on its own. Without strong Federal action we will stay in the path we are on, investing 2 percent of our GDP in infrastructure while China invests 10 percent, free falling

towards a Third World infrastructure. We need a new Marshall Plan to tackle this crisis, a new way to think about and invest in the basics of America. We need the same inspiration, dedication and visionary leadership that made us the first country to land on the Moon, allowed us to win the Cold War and to become a beacon of hope and promise around the globe. If we accept this challenge, we can build America and build our economy at the same time.

The construction industry is in its worst downturn in 40 years. There are 2 million fewer jobs in the industry today than there were in April of 2006. The construction unemployment rate is currently 16.1 percent. Mr. Chairman, members of the committee, there is real suffering within the construction workforce and the solution is staring us in the face. Needed infrastructure investment would create millions of jobs, and investing now protects taxpayers, because every year of inaction costs $150 billion due to further deterioration. There is no doubt we will need to put our collective efforts and heads together to tackle this issue, but it is a no-brainer that we must get started now. The decisions and actions of this committee will be life altering and as historic as the decision to build our Interstate Highway System. Our challenges are great, our hurdles are high and building the world to move forward won't be easy, but this committee can leave behind real assets that will benefit taxpayers and our entire Nation for generations to come. This isn't a Republican issue or a Democratic issue, every single American benefits from good roads, safe bridges, clean drinking water, efficient airports and waterways and good jobs.

Mr. Chairman and members of this committee, thank you for the opportunity to offer this testimony. We at LIUNA are eager to work with you and know that together we can build America so America works.

Mr. SHUSTER. Thank you much, Mr. O'Sullivan.

I just want to remind those on my side of aisle we are going to recognize you in order of you being here before the gavel went down by seniority and anybody who came in after that we will go in that order. And I will brutally enforce the 5-minute rule as we move forward because there are a lot of Members here today. So keep your eye on the clock, both sides of the aisle. I will brutally enforce the 5-minute rule. And I will start with myself and make sure I fall within the 5-minute rule, to lead by example.

Governor Rendell, in your experience as a Governor I know you have dealt with the issue of trying to do something with user fees, you have dealt with a tolling issue, you tried the public-private partnership. With that experience just as a Governor, what do you believe the role of States should be working with the Federal Government—how should the States and the Federal Government divvy up or divide up their roles in funding infrastructure and moving these projects?

Mr. RENDELL. If I were king of the world, I would keep the basic system of how the Federal Government allocates money to each State. I think you have got to keep that for political reasons, et cetera. But then I would put money aside for large projects, the projects that are important to us 10, 15, years down the road, the freight system we have got to build and build from coast to coast. And I would put money somewhere and I would suggest the infra-

structure bank would be the place to put it. But you can put it in DOT, you can create some sort of permanent TIGER program and make that competitive. The best thing about TIGER is that it was competitive and you won or lost based on the value or the benefit to the United States of America. I wouldn't put all of the money there because obviously each district has to get some money for its own individual needs, but create that second tranche of money where competitiveness is the rule, where prioritization is key, where cost-benefit analysis is the thing that drives it, and where it is part of a national plan. We haven't had a national plan since President Eisenhower built the Interstate Highway System. There is no national plan. If I were to ask—and there are Members who know a whole lot more about transportation than I do, if I were to ask one of you what is our plan for a freight system by 2014, could anybody give me an answer?

Mr. SHUSTER. We don't have an answer. That is what we are going to develop though over the coming years.

Mr. Donohue, I know the Chamber has an econometric analysis and it found that if the Nation placed higher priority on transportation we could add nearly a trillion dollars annually to the GDP. Can you talk about the best practices you saw the States using and apply that to the national level?

Mr. DONOHUE. It is very interesting to go out and look what innovative States do. Every few months we have a number of Governors, Democrats, Republicans, in for a day to talk about innovative States, what are they doing to survive in a time of exploding regulation in their own State and federally, what are they doing to prosper with less money and a lot of the traditional sources and innovation has been great. I mean public-private partnerships are up, getting individual industries to make investments, working, as the Governor indicated, on some of those TIGER issues that came out, looking for ways to bring industry in who are going to also participate in this process. It is—by the way, I made a note here. I am going to send you all the stuff from today's conference that has all the numbers in it. But the bottom line is one of the great strengths in this country, as opposed to the EU, in other words we built this country State by State by State and then to a central Government. They are trying to invent something that is really quite interesting. And we have a way and the Governors have always been the innovators in this country, they have always been the people that were close enough to what was going on that they would find new ways to do something. And I am sure, Mr. Chairman, I am watching this love fest here with the former Governor and the new chairman, I am sure you are going to get all that stuff and you sort through it and we will help you. That is where the innovation is. Let's go get it.

Mr. SHUSTER. Thank you, Mr. Donohue. My time has expired. With that I yield to Mr. Rahall.

Mr. RAHALL. Thank all, Mr. Chairman, and thank all three of you for your powerful testimony this morning. I know I heard all three of you correctly that there is a need for a Federal role in transportation. I think you, Mr. O'Sullivan, made that very loud and clear and I appreciate it. Just to ask each of you again and just a quick response to this and then I will move on in regard to

a Federal role, but each of you support this Federal role in transportation investment as opposed to the so-called devolutionists who would turn it over to the State and have the State raise their own money and make their own transportation policy and decide which roads on their own will be built? You support a Federal role versus devolution? Yes, yes, yes?

Mr. RENDELL. Sure.

Mr. DONOHUE. Absolutely.

Mr. O'SULLIVAN. Absolutely.

Mr. RAHALL. Now let me move on. Of course the big issue is, as I said in my opening testimony and each of you have addressed it as well, is money. That is the big elephant in the room and how we pay for it. I believe I also heard each of the three of you say that all options should be on the table. Is that a yes, yes, yes?

Mr. RENDELL. Yes.

Mr. DONOHUE. They should all be on the table. We prefer some to others.

Mr. RAHALL. I understand that, but all options should be on the table. Yes, yes, yes?

Mr. O'SULLIVAN. All of the above unequivocally.

Mr. RAHALL. Both Chairman Shuster and I both have said that in the public arena and privately and elsewhere. Where we need some help though of course is coming up with the political will, if you will, the political courage, whatever you want to describe it, and I am not very optimistic that is going to come from this institution, all sides included when I refer to this institution.

So I would ask you, is it not incumbent upon each of you to reach out across the Nation in a grassroots effort to members of your coalition, members of your organization to help bring that political will upon us here inside the beltway, to help build support out in America where I believe they see it a little more clearly than we do within the fog of the beltway about the need to come up with revenues to finance transportation? This is something they can see that benefits them and they way of better roads, more good paying jobs, all the issues that each you have referenced in your testimony. How do we build that type of support to come from the outside to the inside of the beltway?

Mr. RENDELL. Congressman, I don't know if there are any Virginians, I assume there are some, on the committee, but BAF had a forum down in Richmond, and the Tidewater mayors had delivered that morning a letter to Governor McDonnell and the General Assembly in which they said they needed more transportation funding. And they said, Governor, consider when we are dealing with our taxpayers, explain to our taxpayers what the cost of inaction is, the cost of doing nothing. To raise fees and gas taxes according to inflation in Pennsylvania, which I wanted to do my last year as Governor, would have cost the average driver about $120 a year in Pennsylvania, but statistics show that drivers in anything close to a metropolitan area will idle cars long enough that they waste over $200 of gasoline in a given year, $200 in gasoline. So if spending that $120 can do something to reduce congestion, it can save money. The cost of inaction is high.

I mean consider—and I know you probably all heard this statistic, since 1980, 33, almost 33 years, since 1980 the number of

cars on American roads and highways has increased by 104 percent. How much do you think our lane miles have increased? Four percent, four percent, one hundred four to four percent. The cost of inaction, the actual dollar cost to inaction costs our citizens more than a reasonable increase in revenue.

Mr. RAHALL. Mr. Donohue? And what I am looking for is something more than the joint releases with AFL–CIO, which I commend you for, being for all of the above but move beyond that.

Mr. DONOHUE. I think there are a couple of issues here. First of all, we have all been out talking about, A, the need. Everybody agrees to the need, and you can go out and get the citizens all to agree, yes, we need the fix this and we would like to have that and that is very important. It then comes down, as you very effectively said, to money. And you know I would from my point of view, and I know Terry and the Governor have been out talking about this, say that after 20 years, 20 years, we might consider a small increase in the Federal fuel tax and to go beyond that to say in that period of time that miles per gallon in trucks and cars have significantly improved. So therefore, and you can argue about the math, we are not getting the money that we would have gotten if they were the same miles per gallon for the roads. Everybody agrees to that, and you go to the money, and we talk too much about the money and not enough about the benefits. But, and I am going to be very straight about this, when we do talk about the money then the press come up here, or goes over to the White House, or goes over to the Transportation Department, and everybody is falling all over the floor to say that you won't have anything to do with that. Well, the bottom line is we will go out and raise a lot of noise, we will go out, as you will, and we will get people all over the country to talk about it, but maybe you could improve by just saying nothing instead of saying, hell, no.

Mr. SHUSTER. The gentleman's time has expired. And with that I recognize the subcommittee chairman of Highways and Transit, Mr. Petri.

Mr. PETRI. Thank you very much. I thank you all very much for your testimony. We have been getting report after report from different academic and industry and other groups, associated equipment distributors, you name it, who have all been saying basically we have got to address this problem for the good of the economy, for the good of our country, and for the future of our economy.

But there is an old saying in Washington, don't tax me, don't tax thee, tax the fellow behind the tree. And I am sitting here in awe to see Tom Donohue representing the business sector of our economy saying we need to be responsible, tax us, because we think it is necessary—could you expand on this? And I think the Truckers Association after having resisted it for a while——

Mr. DONOHUE. They are saying the same thing.

Mr. PETRI. Could you explain why this is?

Mr. DONOHUE. Yes, I think there are a couple of things. First of all, there is all kinds of tax things going on all over the country right now. But the bottom line is this is a user fee, this is a fee that lets us get from place to place and move our goods from place to place, and as the Governor indicated, there are more and more tolls and there are other fees, but the bottom line is what shippers

are looking for is a system that allows them to move their goods to their customers in a time dependable way, whether it is in rail, whether it is in trucks, whether it is in barges, which are huge, no matter how it is. And the bottom line is we are all smart enough to know if you are staying with the same amount of money you had 20 years ago and you heard the Governor talk about the massive increase in the movement of people and goods, it is just insane not to say this is a cost of doing business. It is not a tax on your income, it is not a tax on your retirement, it is not a tax on your house. It is a fee to use the Nation's infrastructure for the public good.

And I have been saying this, Mr. Chairman, for a long, long time, but finally the holes are getting big enough that people are starting to listen, and you can count on we are here, the truckers are here, all of the other folks will be here, the unions will be here, and we even have the Governor. So we are way ahead of the game.

Mr. PETRI. Just to follow up on that, too, and I think this is in a lot of people's minds, the interplay between new technology and the physical infrastructure is very important and we have seen a lot of improvements in efficiency as people manipulate data and then execute after doing all of that. But there is an opportunity for a lot more. We are going to see automated vehicles within our next generation on our highways and all the rest of it.

Can we be doing a better job of laying out the future and why it is important to invest in that future than we have been doing? It seems to me there is a story to be told that people are hungry to hear.

Mr. DONOHUE. Well, Mr. Petri, it is going to be a long time before we can beam it up, Scotty, but there is a lot we can do to sequence, to order the movement of people to improve vehicles, to reduce emissions, and all of that is underway. But until which fix the primary system in transportation and in the other infrastructure issues, you haven't got a firm ground to build on. And I believe that giving people the confidence that we are going to fix the things really in order, getting them to support us in that puts us in a position to do exactly what you talked about.

But you can go chase all the technology you want, you still have to move hundreds of millions of people in cars and trucks and trains and airplanes. And if we cripple that system, you can forget the technology. It will help but it only works if you have something to apply it against.

Now, Governor, you are up.

Mr. RENDELL. And interestingly it is a little like short-term, long-term. To get that technology and to deploy it may have some upfront costs, but in the long run it will seriously reduce our costs. Perfect example, we know what the technology is to put American aviation back among leaders in the world, it is out there, it is satellite, it is GPS, it is on your car. We have a land based radar system. It is a joke around the world what our system is. It is not hard, it costs some dollars. Well, not many and who should pay for it? The little old lady who never flies or maybe flies once a year, she shouldn't pay for it. But someone like myself who flies 70, 80 or 90 times a year I should pay for it because you should increase the passenger facility charge. Good Lord, they are charging 25

bucks for a bag, 25 bucks for a bag that doesn't do anything to improve our air transportation system. Raise the PFC, the Federal share of the PFC. Let's get going. What are we waiting for?

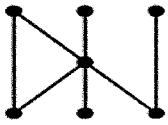
Mr. SHUSTER. Thank you, Governor. With that I would like to recognize Mr. DeFazio for 5 minutes.

Mr. DEFAZIO. Thank you, Mr. Chairman. Mr. Chairman, I have a statement from Mr. Bishop, he couldn't be here, and from the Water Infrastructure Network, I would like to enter into the record.

Mr. SHUSTER. Without objection, so ordered.

[The prepared statement follows:]

WATER INFRASTRUCTURE NETWORK



Testimony

By

The Water Infrastructure Network - WIN

"The Federal Role in America's Infrastructure"

Transportation and Infrastructure Committee
United States House of Representatives

February 13, 2013

==========

WIN is a broad based coalition of the nation's leading construction, engineering, labor, conservation and municipal water and wastewater treatment providers. The ***WIN Executive Committee*** *is comprised of the American Council of Engineering Companies* ***(ACEC),*** *the American Public Works Association* ***(APWA),*** *the American Society of Civil Engineers* ***(ASCE),*** *the Associated General Contractors of America* ***(AGC),*** *the International Union of Operating Engineers* ***(IUOE),*** *the Laborers International Union of North America* ***(LIUNA),*** *the National Association of Clean Water Agencies* ***(NACWA),*** *the National Rural Water Association* ***(NRWA),*** *and the United Association* ***(UA),***

Introduction

Chairman Shuster and Ranking Member Rahall, you are to be commended on the timeliness of today's hearing on "The Federal Role In America's Infrastructure." The Water Infrastructure Network (WIN) believes the forty year partnership between local, state and federal governments in financing our nation's Clean Water Infrastructure is one of the great economic and environmental success stories of our time. However, our nation is facing a water infrastructure funding crisis and without decisive action the tremendous water quality gains of the past four decades could be lost. Recent studies conducted by the U.S. Environmental Agency, the Congressional Budget Office and the Water Infrastructure Network have all placed the shortfall in clean water infrastructure funding at over $400 B during the next two decades.

Investing in our nation's water infrastructure has historically been a bipartisan priority for the Transportation and Infrastructure Committee and WIN is committed to working with you to continue these critical investments. Today, Clean Water Infrastructure directly supports manufacturing, agriculture tourism and fishing industries that contribute more than $300 B annually to our domestic economy.

Throughout the 40-year history of the Clean Water Act, Congress has made significant changes to the funding mechanisms for water infrastructure, reflecting the fiscal and infrastructure challenges before our nation. Twenty five years ago, this Committee played a lead role in crafting the State Revolving Fund, a measure that has funded thousands of wastewater treatment projects across the nation. Sadly, federal investment in the Clean Water SRF has shrunk to less than $1 B a year.

Our nation is again at a crossroads with respect to how state and local governments, in partnership with the federal government, are going to fund our nation's water infrastructure. WIN looks forward to working with the bipartisan Membership of the House Transportation and Infrastructure Committee to address America's water infrastructure funding challenges.

The Water Infrastructure Funding Crisis

The United States is facing a water infrastructure funding crisis. As noted above, the U.S. Environmental Protection Agency, the Congressional Budget Office and the Water Infrastructure Network have all placed the annual shortfall in clean water infrastructure funding at over $20 B for the next two decades. Remarkably, most experts believe that this assessment of our nation's pending clean water infrastructure needs is probably low.

Failure to address this infrastructure funding crisis has real and significant implications for public health, the environment and the long-term economic success of our nation. Water and wastewater treatment improvements that begun in the first part of the 20th Century stand today as the greatest public health measures that our nation has implemented. Cholera, dysentery, and hepatitis A and B have been nearly eliminated in our nation. We have only to look abroad to see the importance of our nation's water infrastructure – waterborne pathogens still kill millions of people each year around the globe.

America's success economically has been inextricably tied to our nation's rich endowment of clean water. Clean water-dependent industries such as agriculture, commercial fishing, and tourism contribute hundreds of billions of dollars annually to our economy. We simply cannot afford to postpone critically-needed investments in our nation's water infrastructure.

Strong Bipartisan Support for Water Infrastructure Funding

Funding for our nation's clean water infrastructure has enjoyed broad bipartisan support over the past four decades. A prime example of the bipartisan support clean water infrastructure legislation has enjoyed is the $18.6 billion Water Quality Investment Act (H.R. 1262), passed by the House of Representatives during the 111th Congress on a vote of 317-101, with all but three Members of the Transportation and Infrastructure Committee supporting its passage. Chairman Shuster and Ranking Member Rahall supported the Water Quality Investment Act both in Committee and on the House Floor.

Closing the Water Infrastructure Funding Gap

It will take innovation and increased funding at all levels of government to effectively address America's water infrastructure funding needs. The water infrastructure financing challenges we face have been a century in the making and it will take all of the best ideas that have been developed to meet this challenge. WIN believes that legislation considered, and in a number of instances approved by the Transportation and Infrastructure Committee over the past decade, are the basis for a Clean Water Funding Bill that could command broad bipartisan support both on and off the Committee. Components of a 21st Century Clean Water Infrastructure Compact include:

1. Reauthorization of the Clean Water Act State Revolving Fund

WIN strongly supports reauthorizing the State Revolving Funds for wastewater projects with modifications to lending terms and the inclusion of measures to improve efficiency and efficacy of the Clean Water SRF. These measures have been vetted through exhaustive Congressional Hearings and approved by the full House of Representatives twice in the past decade.

2. Development of a TIFIA Program for Water Infrastructure

WIN believes that the development of a TIFIA-like program for water infrastructure makes sense and we are pleased that water infrastructure funding legislation advanced by Chairman Gibbs and Congressman Bishop in the 112th Congress embraced this financing concept. Many members of WIN, including ACEC, the Associated General Contractors of America and the American Society of Civil Engineers have worked first-hand on the implementation of the TIFIA program in the financing of highway projects and believe that this program is potentially better suited for financing water infrastructure projects. Since FY 2005, TIFIA has leveraged $122 million in annual funding into $2.2 billion in annual funding for transportation projects.

Unlike highway construction projects, financing water projects with a TIFIA-like program would not be contingent on establishing a new toll or fee. Water and wastewater treatment and collection systems already impose usage rates and charge fees to their customers. Debt financing for capital replacement, expansions, and repaying loans is based upon and guaranteed by dedicated revenues raised for those purposes. While, according to the U.S. Department of Transportation, less than 7 percent of highway projects have the financing profile (the ability to collect tolls and fees) needed to participate in the TIFIA program, over 90 percent of water projects across the nation have the appropriate financing profile to participate in a Water TIFIA Program. WIN and its members have shared their thoughts on the development of a TIFIA-type program with the Committee and the Administration and are looking forward to working with the Members of the Committee to perfect this approach

3. Expanded Use of Private Activity Bonds

WIN believes that Private Activity Bonds (PABs) have an important role to play in helping to close the water infrastructure funding gap, and should be a tool included in the toolbox. Currently, each state is limited by federal law in the amount of PABs that may be issued for nineteen categories of projects, ranging from housing projects to student loans. This volume cap results in water infrastructure projects having to compete with more visible projects. Because water and sewer projects tend to be "out-of-sight, out-of-mind," they don't attract public attention until there are disruptive water main brakes or massive sewer overflows. We would propose lifting the volume cap on PABs for water infrastructure projects, giving communities the option to access private equity partners that seek the advantage of tax-exempt bonds, and providing the infusion of billions of dollars of private capital investment for water and wastewater projects at a nominal cost to the federal government.

4. Laying the Groundwork For A Clean Water Trust Fund

Another water infrastructure financing tool which has received significant attention in recent years is the development of a Clean Water Trust Fund. WIN believes that long-term dedicated funding for water infrastructure is one of the long-term solutions to our nation's water infrastructure funding challenge.

Dedicated trust funds are a time-tested method for financing our nation's critical infrastructure. Though not perfect, dedicated trust funds have financed the majority our nation's highway and airport infrastructure construction. This Committee, starting with Clean Water Trust Fund legislation developed by Congressman Duncan when he was Chairman of the Water Resources and Environment Subcommittee, has embraced the concept of establishing a Clean Water Trust Fund for our nation's water infrastructure. As general funds become scarcer, we believe that a deficit neutral, long-term, dedicated funding source for water infrastructure construction must be one of the tools in the toolbox.

The Water Infrastructure Network remains committed to working with the Committee to identify viable funding sources for a Clean Water Trust Fund.

Conclusion

The Water Infrastructure Network is extremely encouraged by the Transportation and Infrastructure Committee's efforts to develop the next generation of water infrastructure financing and funding legislation. The Committee has a long history of developing and advancing water infrastructure funding legislation that can earn broad bipartisan support.

Federal investment in water infrastructure continues to make eminent economic and environmental sense. WIN look forward to working with the bipartisan leadership of the Transportation and Infrastructure Committee to perfect the innovative water infrastructure financing tools of the future.

Mr. DEFAZIO. Mr. Chairman, we are going to try a technological experiment here. They have been working on the room, there it is, OK. Mr. Rahall referenced this issue. If you look at the screens you see at the top there is a brand spanking new highway and that would be of course the Kansas Turnpike, circa 1956. It kind of ends abruptly on a strange angle. That would be Amos Switzer's farm field Oklahoma, circa 1956. Oklahoma and Kansas had a deal that the turnpike would be extended. However, Oklahoma got into financial difficulties, didn't extend it and for years people launched themselves off the end of this beautiful new road into the farmer's field and he towed them out for free. He probably could have made a lot of money, and he didn't plant at that end.

So this is devolution. There is some now who think this is a new idea, that we should devolve the duty of Federal transportation back to the States despite the fact it is in the Constitution, despite the fact that George Washington did canals, Abraham Lincoln did railroads, Eisenhower did the interstate and Reagan did transit into the Highway Trust Fund. We tried it, it doesn't work. So I just wanted to make and kick off for the point about devolution.

Now to our funding problems, Mr. Donohue, you mentioned indexation. I would like to throw an idea at you here because it involves both indexation and the idea that right now we have record low capital costs which we are not taking advantage of for the investments to make in this country. I would suggest if we could find a dedicated revenue source; i.e., indexation, that we might borrow a bunch of money upfront on pretty short-term bonds that we could get for very, very low rates to really jump start the Trust Fund, and I have got numbers to back it up. If we indexed the gas tax to both the highway cost construction index and, you mentioned this and referenced it, to fleet fuel economy you would both not be losing value because of inflation and construction. And secondly, you wouldn't be losing revenue because we are becoming more efficient. It would pick up about a penny a year per gallon, which of course the last time I drove by Exxon Mobil it went up more before I got by—I don't mean to pick on anybody.

Mr. DONOHUE. Or down. Up and down.

Mr. DEFAZIO. Not on the west coast. We are just going up. We are headed to 5 bucks a gallon since Memorial Day.

Mr. DONOHUE. You have got other problems on the west coast with the State.

Mr. DEFAZIO. Yeah, but anyway, so what do you think about that idea? So if we did double indexation and we capitalized it and had a dedicated revenue source, paid it off over say 10 years?

Mr. DONOHUE. Three sentences. Number one, we would sit down and talk about that. You saw in our testimony we have—we believed that indexation, I am not exactly sure what you are saying, but I would be very willing to look at it with our friends. The second thing is indexing is a good idea because it makes life a little easier up here because you don't have to come back all the time, adding a little more help. And, third, however, while we are talking about these very low rates, remember, these very low rates are put there by the Fed to try and get us out of this mess we are in. They are artificial in their reality.

And, by the way, at the rate—and this is not a political statement, we all look at the rate deficits are going up, you can count on one thing, the price of money will go up. Now, I can't tell you when. So one of your great arguments, if we could do this Thursday and get something on before that happens, that would be a good idea. But we will take a long look at that, and we have some folks that are looking at that subject with people in the industry. Let's—let's get serious, let's talk soon.

Mr. DEFAZIO. I will provide you some specifics.

Mr. Rendell. Governor.

Mr. RENDELL. Congressman, let me say it is a great idea. Number one, that was one of the reasons for the success of BABs. At a time when there was no money available, BABs allowed States to go in and borrow. It made a huge difference, number one. But, number two, look in the palace of truth and justice, the long-run answer to all of our problems in my judgment is there should be a Federal capital budget. You are the only governmental subdivision in the United States of America that does not have a capital budget. Actually, the Defense Department does. But other than that, you are the only political subdivision in the country that doesn't have a capital budget. And that is what it is about. It is borrowing as a way of investing at the present time to build things that have a return on investment. Every company does it, every State does it, every county does it, every city does it.

Mr. O'SULLIVAN. Mr. Chairman, I couldn't agree more. I think that it is those kinds of things that come out of this committee that will, as we look at how our core funding of infrastructure in this country going forward, the expansion of that, and the other creative financing mechanisms that have been discussed in the past will be discussed in the future, are the way that—that we move forward.

So I know on behalf of our organization, as Tom has mentioned, any and all options we think we should consider because the ends result, it is about more, more, more, and not less, less, less.

Mr. DEFAZIO. Thank you, Mr. Chairman. Congratulations on kicking off the year with this hearing.

Mr. SHUSTER. Thank you very much, Mr. DeFazio.

Next I want to recognize the vice chair of the full committee. Don't start his clock yet because I have got to make a little pitch. The vice chairman, Mr. Duncan, is going to head up a special panel this year, kick it off later in the spring, dealing with intermodalism and movement of goods. And the goal of that committee, which will be stood up for 6 months, or panel, is to make recommendations, legislative language, to the committee as we move forward on the next surface transportation bill. So I look forward to seeing the vice chairman's work. It is going to be extremely important work. And I think most of you, if not all of you in the room, will be very interested in what he is going to produce for the committee. And with that I recognize the vice chairman.

Mr. DUNCAN. Well, thank you. Thank you very much, Mr. Chairman.

And I am pleased to realize that under your leadership this is, once again, going to be a very, very active committee. And I want to thank all of the witnesses for being here and their testimony. I

have been in meetings with Governor Rendell and Mr. Donohue, and I have heard them several times. I know they believe strongly in all of this. And I have always said that, you know, I am a very conservative Republican, but people in California sometimes use the airports in Texas, and vice versa; people in New York use the water systems in Florida, and vice versa; people in Ohio sometimes drive on the roads in Tennessee, and vice versa. So there is a very important local role, there is a very important State role, but there is also a very important national role in all of these projects.

I just came from another committee in which we had a hearing on the 100, roughly $100 billion we have spent on Afghan reconstruction. Which is just a small portion of what we have spent on the war over there. And the Inspector General said that we have many billions of projects that are now in the pipeline and just beginning to start and new contracts being issued. Most people seem to think that because we are pulling out troops that that means that we are stopping. But we are going to be spending many, many billions in Afghanistan for many years to come.

And I, for one, think it is way past time that we start putting our own country and our own people first once again because there are many things that need to be done here. He talked about money, billions that have been spent on a road that is not there and hospitals and clinics that they are not even sure exist, and so forth. So it is unbelievable, the waste and corruption.

One question I have, and that is about all I am going to have time for. I have chaired several subcommittees on this—in this committee. Three. And in all of those, we have heard about how it takes usually about three times as long to do any project here as it does in almost any other developed country.

Mr. Donohue talked about a skyscraper hotel being built in 11 months or some short amount of time. And I have never forgotten when I chaired the Aviation Subcommittee that the newest runway there, which is several years old now, took 14 years from conception to completion but it took only 99 construction days, which they were so relieved to get all the approvals, they did it in 33 24-hour days. And I have heard similar things on all these road projects and everything else. And almost always it is environmental laws and rules and regulations that cause these delays.

I would like to know if any of you have any suggestions or ideas on how we can get the environmental groups to allow us to move faster on these projects or—we saw that everybody came together on the I–35 bridge project because they were—there was no other choice. And we did that very quickly.

Do you have any thoughts or suggestions along those lines?

Mr. O'SULLIVAN. Well, Congressman, I couldn't agree more that the regulations, the red tape, and the approval process is way too slow. I don't know that I have any recommendations. One would hope that the same sense of urgency and a very unfortunate situation with the I–35 bridge would be the same sense of urgency that we have with environmental groups, with labor groups, with the business community when it comes to rebuilding our infrastructure.

But I think as part of any process, as we look at how we pay going forward to rebuild our crumbling infrastructure I think that

is something that certainly needs to be looked at. Because I am not sure what we are going to accomplish in the long term. If we identify projects and the time between identifying a project from the time that the implementation and start of that project is 14 years, then we are headed down the wrong path and we are not going to accomplish the goals of this committee, the goals of rebuilding our infrastructure in this country. But I think it is a critically important issue.

Without having solutions, I think if we don't get our hands around it, no matter what we do as a committee and as a country, we won't be as successful as we need to be.

Mr. RENDELL. Congressman, what I would suggest is, on all these things, environmental impact statements, environmental assessments, that the Congress, after some good research, put time limits in the legislation and allow a waiver to be granted to extend those time limits, but the waiver would have to be issued by the Secretary himself or herself. And the Secretary would have to report to Congress in writing why the waiver was granted.

You know, it is amazing what bureaucrats can do when they are tested. When we got the stimulus money in Pennsylvania—actually, before we got it. We got it March 1st—I brought all of my road builders and contractors together, and I brought all of my PennDOT bureaucracy together, and I said to everyone, we are going to spend this money fastest of any State in the country. And actually, we did, we were tied with five other States, I think Tennessee was one of them, in spending the money quickly. What I said is, normally, you have got 90 days to respond to an RFP. You have got 45 days.

All of you contractors tell me you are desperate for work, you can respond in 45 days. PennDOT, you normally take 90 to 120 days to review the RFPs and make a selection, you have got 30 days. Guess what happened. It worked. It worked. Not one thing fell through the cracks. It is amazing when we push the system. Where is it written? It is almost like it is in the Ten Commandments that an environmental impact statement must take 2 years. No. No.

Mr. SHUSTER. I will say amen to that, Governor.

Mr. RENDELL. Thank you.

Mr. DONOHUE. Just one sentence to add to that. If you would limit the environmental argument to one set of lawsuits and not repetitive, repetitive, repetitive lawsuits, you would cut the thing way back.

Mr. RENDELL. Excellent.

Mr. SHUSTER. I now recognize the gentlelady from the District of Columbia, Ms. Holmes Norton, for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman. And I want to thank—I want to thank the witnesses because of how you laid the groundwork for what the committee could well do, could well accomplish this year. And I appreciate the way in which this committee has started.

In the last Congress, we got the fewest bills passed since they have been counted in U.S. history. So it is noteworthy that one of those bills was an infrastructure bill. The fact that we were able, given the contention of that Congress, to pass an infrastructure bill says something about its priority for the American people, and the

fact that arrayed here today is a Democratic Governor, a Republican, I presume, president of the Chamber of Commerce, and the president of one of the most important unions involved in infrastructure, is a way, it seems to me, to lay the groundwork for what we are going to do or hope to do.

Let me get to what concerns me.

As important as it was that we broke through and actually did get an infrastructure bill last Congress, it was for only 2 years because it was based on the gas tax, and it runs out after 2 years.

It amazes me, particularly since I chair a subcommittee that has to do with real estate and construction, it amazes me how little innovation there has been in the work we have done in financing infrastructure.

So my question really has to do with keeping us from developing a 2-year pattern. And I need to ask you what happens in the States when you get funded only for 2 years.

But, Mr.—Governor Rendell talks about TIGER grants where the private sector was involved I think you said 40 percent. Talks about taxes and borrowing, and mentions the European infrastructure bank making money.

Mr. Donohue, who just tells it like it is, if you want something to be done, you have got to pay for it. Although in your testimony you called it a gas tax, in answering questions, you called it what it is, a user tax. Since when should we give people who use the roads a pass on paying for those roads? And I guess pass it on to—in some general way, to the extent we can to everybody else.

So I would like you to help us avoid the expiration of the present bill and just going again for another 2-year bill.

If you had your druthers and we come to the expiration of the surface transportation bill that we enacted last year, would you just enact another 2-year bill? How would you find a way to get, for example, public-private partnerships as a core part of the bill? And, for goodness sakes, an infrastructure bill as part of the bill? Should they be part of a surface transportation bill rather than things that the States are trying out here and there? How—save us from another 2-year infrastructure bill because we are relying on the same gas tax that we know it is going to run out in 2 years.

Governor Rendell, would you like to start?

Mr. RENDELL. Well, it is a very good point. It is very difficult for States to plan. We try to plan. And we do have 5-, 6-year plans ourselves. It is very difficult to plan when there is not a Federal bill that is significant in number of years. It makes it impossible because we have no idea what money is coming in and what terms the money is going to be given to us.

Ms. NORTON. Does that affect which project you start?

Mr. RENDELL. No question, no question. With a 2-year bill, the tendency is to spend the money on "Fix it First." By the way, "Fix it First" is not necessarily a bad idea. We should be doing a lot of "Fix it Firsts," but there is in every State a project that is really important to unlock economic growth and development. There is not a Governor or any of you who couldn't point out a project in your State that is necessary that doesn't exist now, but that is necessary to unlock all sorts of growth and development. No question about it. Even if it is just a 6-mile spur to the turnpike from a

newly developed business park that doesn't have one. So, yeah, it makes it very difficult. When the Congress does temporary fixes, it makes it very difficult. But it also makes it very difficult to have any long-range planning. And I actually believe we should have a long-term infrastructure plan for the country. And it should be transportation as well as all of the other things that go into our infrastructure.

When a Hurricane Sandy happens, it destroys transportation infrastructure, but it also destroys water infrastructure and other types of infrastructure as well. So I would like to see us do it the way a business would do it, sit down and figure out where we want to be 10, maybe 15, maybe 20 years down the road and plan for it.

Mr. SHUSTER. Gentlelady's time has expired. With that, I recognize the gentleman from Florida, Mr. Webster.

Mr. WEBSTER. Pays to show up early. Thank you, Mr. Chairman.

Mr. SHUSTER. Yes, sir.

Mr. WEBSTER. I have a question. There are all kinds of means of transportation, one of which has not been, except just in passing, mentioned today, and that is transportation through pipelines. Has each of your organizations endorsed the XL pipeline? Publicly?

Mr. DONOHUE. Yes.

Mr. O'SULLIVAN. Resoundingly, yes, sir.

Mr. RENDELL. Building America's Future hasn't taken a position on it, but I personally, as a Democrat, have said we should make the Keystone Pipeline part of an overall energy bill.

Mr. WEBSTER. OK. Thank you for those answers.

I have one question of you, Governor. You have mentioned several times about an infrastructure bank, which sounds like a great idea. I think it is a great idea. And that somehow, some way, that money would be distributed to the States.

My question would be, as a former executive of a State, which, in some cases, tend to make you—you have your kingdom, and you mentioned that, that, you know, you don't want everybody telling you what to do, you want your own thing. Would you be—would you think that we could identify corridors that would not necessarily be just instate corridors to use that money on, in that they would be multistate corridors that we would identify not only for roads, but also rail and other things connecting ports to ports or seaports, airports, all of that, do you think that that is a Federal role?

Mr. RENDELL. Not only do I think it is a Federal role, but if I was drafting and crafting the infrastructure bank legislation, that would be the number one priority of the bank. The number one priority of the bank would be for projects beyond State borders, for multistate projects, for projects that do connect port to port. I mean, Congressman Shuster can tell you about both the Crescent Corridor and the National Gateway projects because they were both freight rail projects that went through multiple States, both of them went through Pennsylvania. And they created not—not the construction jobs that were raising the heights of bridges and things like that, but permanent jobs. They created tens of thousands of jobs all along the route as those corridors went through Pennsylvania.

It was amazing, the intermodal facilities that were built in places like Chambersburg, not far from you. So, yeah, I think that would be the number one task of the infrastructure bank. We don't need an infrastructure bank to decide whether Kansas is going to build an addition to Route 64. Kansas should make that decision. But we do need an infrastructure bank if Kansas, Oklahoma, and Colorado come to us and say we need a—we need a freight rail link between these five cities.

So, yeah, I think that should be the primary goal of the infrastructure bank, primary priority of the infrastructure bank.

Mr. WEBSTER. One other question about that.

Would somebody else like to respond to that? Mr. Donohue? Mr. O'Sullivan.

One other question to you, just because you were a Governor, I think it is important to understand where the States would be.

A lot of times—in most cases, the Federal Government has no land-planning or use-planning authority; that is usually given to the local communities.

And so many times the local communities will make decisions that greatly impact the Federal road system and highway system, and yet we have nothing to say about what is done there. And my question is, do you think there is any way we could balance that to say that, look, you have these feeder roads coming into, quote, U.S. highways that we are funding and—either partially or fully, and yet we have no control over the amount of traffic and the level of service that goes down as soon as those feeder roads are expanded. Do you think there is any opportunity for us to input in any way in that?

Mr. RENDELL. Sure. I think you could build in as—to your own distribution criteria.

Just like, I think Mr. Donohue said, give priority to the States who, in certain Federal funding, give priority to States who make the maximum effort on their own in funding. You could key the distribution of your money to things like that. I think you could make them depend, and they could be one of the criteria that funding decisions are judged on.

Mr. WEBSTER. Anyone else want to respond to that?

I yield back.

Mr. SHUSTER. Thank you, Mr. Webster.

With that, recognize the gentleman from Everett, Washington, Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman. Bill likes to note that he thinks I am from the second-best Everett in the country, Everett, Washington, whereas he is from Everett, Pennsylvania. We differ on that. On that point. But we don't differ on the point we are having, hearing today.

And that is—you know, essentially what I heard you all say is that our success in this country when it comes to infrastructure doesn't happen by accident, it happens on purpose. It has happened on purpose for the last 200 years by us purposefully using the Federal role to both kick-start enhance, complement, State and local government funding in transportation infrastructure.

And I think we have lost the sight of that over the last several years, not just—not just 2 years, 4 years, 6 years, 8 years, but over

the last—over the last several years, that our success happens on purpose, and by purposefully investing in infrastructure, we can be more successful than we have been.

And there is a lot of examples of that. Just, one, quickly from my district. There is a county that I represent that has $50 million in bridge repair that needs to be done. As a proxy for its income in this county, about half the kids in the largest city in this county are on free and reduced lunch. There is an indication here the population of that county is in no way able to tax itself at a level that it can repair $50 million worth of bridges by itself. The State help is necessary, there is Federal help that is necessary.

So there is a—there is definitely a role here.

One issue we haven't touched on, and I am not sure it is most appropriate. Maybe Mr. Donohue is most appropriate for this is—has to do with NextGen and the air traffic control system and the investment that we need to make in that. Which is largely technology-based, as it turns out.

But if the Chamber has a specific idea about how to structure financing for that in a way that is, you know, most fair, have you all come to a conclusion on that?

Mr. DONOHUE. Congressman, I am thinking about that. I am not ducking it. There are a lot of creative financial approaches that we can take here. And there are great experiences that have been had in the States, and there are fundamental realities, as you say, that some things can't be done at home alone. And I think we can come to some of those resolutions and as soon as we make one fundamental decision, and that is we are going to increase the revenues. Because right now to talk about this idea or that idea gets very, very difficult unless, A, we are willing to increase the revenue and, therefore, we have a means to do creative financing or effective financing—I like that better—on top of it. But you are not going to get anywhere until you do the fundamental issue of giving this committee and the larger piece of change to figure out how to exercise its responsibility.

I am a big, big fan of States off doing what they ought to do. I live in Maryland. And in Maryland and Virginia, we have spent 25 years arguing about what we are going to do about the beltway. And I—and that needed everybody to work together on it. And a big Federal role. But every year we wait, it gets worse and worse and worse because of different congestions, different building projects.

So let's fix the fundamental deal and then let's get a lot of smart people like yourself together to figure out what we ought to do to build on top of that to take care of the projects the Governor was talking about, to take care of the projects you are talking about. And we are not ducking that at all. I represent people that do creative financing all the time. But the fundamental issue is you have to be in business to do it. And what we are doing is putting us in a difficult position.

Mr. LARSEN. Governor.

Mr. RENDELL. I think you know my answer. I would raise the PFC and bond off it. If you raise the PFC, you could get all the money you need to have NextGen started immediately and finished fairly quickly.

Mr. DONOHUE. And you could note for yourself that while the Governor gave his answer, I wasn't shaking my head "no."

Mr. LARSEN. Let the record show. And if there is a group of start people that want to get together, talk about that, I will join them if they will allow someone who is not so smart to be there.

Mr. SHUSTER. I thank the gentleman from Washington. With that, the gentleman from Texas, Mr. Williams, is recognized for 5 minutes.

Mr. WILLIAMS. Mr. Chairman, thank you. And in full disclosure, I am from Texas. And I have been in the automobile business for 41 years. So—and I also agree that the Federal Government has a major role in maintaining our infrastructure. I agree with all of you on that.

Question I would have, though, what do you all see—what would the 18.4 cents look like, what would it rise to? What do you see it rising to if we raise the tax necessary to do the things we are talking about, things we need? Do you have an idea what that would——

Mr. RENDELL. Unless I am wrong, and someone correct me if I am wrong, penny on the Federal tax brings in $9 billion? Is that right? Anybody? $1.7 billion, per penny. $1.7 billion per penny. So you would have to raise it fairly significantly to make a difference. But you would phase it in. You wouldn't have to do it all in 1 year. And I know people keep saying with the economy what it is, this is not a great time to raise any tax, particularly a tax that impacts on individuals. But you could phase it in over a period of time.

And, again, if you wanted to do some things upfront, if you had a phased-in schedule, you could bond off it, you could do something very creative. I mean, we do it all the time. We do it all the time. We raised our tolls and we bonded off—the toll increase was locked in for 25 years, and we bonded off the toll increase.

Mr. WILLIAMS. Also would help—I am sorry, Tom.

Mr. RENDELL. No. Go ahead, Congressman.

Mr. WILLIAMS. I said, also would help, too, if all the money went in it account it was supposed to go into.

Mr. RENDELL. No question.

Mr. WILLIAMS. You know, I would like to see a figure on that. We may check that out, if all the money was supposed to be where it is, how much we would have in that account today.

Mr. DONOHUE. You know, the point is, if you do this over a number of years, if you get up to 12, let's say you go 15 cents. This is only part of the equation. It is the Federal money, it is the State money, it is the local money. If you—if you got 15 cents over a relatively quick period of time, maybe 3 years, something like that, all of a sudden at least you are getting back to where you were. And a little bit ahead.

Mr. WILLIAMS. And I would just say this, too, something that you have touched on is a lot of people are not thinking about but the CAFE standards with what they are. I personally don't think the CAFE standards do our transportation infrastructure that much good. But the fact of the matter is, when they have to reach a goal of 53 miles per gallon, I think it is 2020 or something like that, we are going to have to come up with a way to offset that and pos-

sibly have more people paying in the system that are not paying in the system. Do you agree?

Mr. DONOHUE. I agree that the people that use the system, and eventually if we keep changing all of these issues, some of the people that benefit from the system directly are going to have to put up the money. And we want to be a part of that discussion and that decision. But the bottom line, we are not talking about personal income tax, State income, real—we are talking about the tax to use the facilities, to move the goods and people of this country, and to protect our safety and our national security. And we need to get on with it.

Mr. O'SULLIVAN. Congressman, I—I am not sure what the number is, Tom talks about 15 cents. I mean, that is a good number.

I mean, we haven't raised a gas tax since, what, 1993, indexed, for argument's sake, they talk about anywhere from 30 to 32, 34 cents. Anything would be an improvement of expanding how we—the core base of how we fund infrastructure. And I think we certainly need to look at that. I am encouraged by what is going on with the number of States across the country. Of looking at their own gas tax, of increasing the gas tax. Those are encouraging steps. This committee and this meeting today is certainly encouraging in commitment of looking seriously at how we fund our infrastructure needs going forward.

But I think it is critically important because we—we support user fees, we support the gas tax, we have to get real about it. I look at it this way—I think our union does, I think we all do, is that we have a $2.2 trillion problem. And we all know that. So I am not sure what the number is, but we need to get closer to satisfying what the infrastructure needs of this country are now, over a period of time. But it needs to be a relatively short period of time, or I think that no matter what we do, we are going to be extremely disappointed at the end of the day, 5 years or 10 years or 15 years from now, about what our infrastructure looks like. And support what the Governor talked about of having a national plan of what we want our infrastructure to look like 10, 15, and 20 years out.

Mr. RENDELL. And, Congressman and Mr. Chairman, I think one of the most important things this committee can do is start looking at some form of vehicle miles traveled tax. There are, as I said, technologies that I know of that are extremely less intrusive than the original VMT that could truly resolve this problem in a fundamental way and get away from the fact that whatever we do with the gas tax, it is going to have a declining yield. There is no question about it. But it doesn't mean that people are using the roads less, they are using the roads more. So we have got to find a fairer way to do it. I would envision 5, 10 years down the road that we wouldn't have a gas tax, we would have some other form of user fee.

Mr. SHUSTER. Mr. Donohue is champing at the bit. I will give you 10 seconds.

Mr. DONOHUE. Yes. I think what the Governor is doing with his time and energy is very important for this country and for our infrastructure. I would just like to say he is the most creative conservative taxer that I have seen. That is his 15th idea on a way to raise the revenue. We are ready to go on a user fee and other

related creative issues. I am not sure we want to go as far as he does yet, and I don't want the people that are covering this to be out saying that I have jumped off the bridge.

Mr. SHUSTER. Thank you, Mr. Donohue.

With that, Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman. Mr. Chairman, before I make a few comments, I would like to suck up to you for 1 minute. Mr. Chairman, you should know that I represent the original Everett, Everett, Massachusetts. And more importantly, my mother had the great foresight to name me Michael Everett Capuano. So when the earmarks come back, just remember that.

Mr. SHUSTER. I will yield to you. I will give you the first place in Everett standing in the country.

Mr. CAPUANO. Mr. Chairman, thank you. I didn't really come prepared to ask a whole lot of questions simply because it sounds like we are all on the same page, pretty much, or at least the same chapter, which is nice for a change. But I do want to make a few points. First of all, I think it is important for people to know that are listening to this that virtually every single penny that is spent on infrastructure in this country supports private enterprise. Federal employees, State employees, city employees do not build or repair bridges. We hire private entities to do that, almost exclusively. And I think that that is an important fact a lot of people forget.

I also think it is important for people to realize, look, whatever we do here, everybody agrees we need more revenue. We should do whatever is right. Because the truth of it is—we are going to talk politics, which I know we are not supposed to—we are going to get as much grief for a nickel as we get for a dime as we get for 15 cents. We should figure out what is right, what we need, what is good for the future of this country and do it and accept the political consequences. Because, in theory, I thought that is what we ran for office to do, what is right.

I guess I want to defend my environmentalist friends. I am an environmentalist by any measure of the term. Yet I also know that there are some things that get in the way. And I think the problem up until now has always been those people who say, oh, the environmental regulations are too tough. I actually agree with you. But the result, the reaction to that shouldn't be then to just throw them all out. The reaction should be, which ones are the problems? Let's get to work, let's figure it out. I am not looking—I cannot support, I will not support a destruction of our environment. I am not looking to go back to the 1950s. I am looking to somehow find a balance to actually make progress on infrastructure in a way that is environmentally sensitive. And I believe it can be done.

So for those of us who are concerned about it, instead of just saying, oh, the environmentalists are all the problem, let's throw them out, if you do that, fine, you are going to lose again and we will lose, those are of us who actually want to build something, will lose as well. We should together and figure out exactly what the problems are and exactly how to figure it out.

I guess the last point I want to make before I make a comment, one last comment, is on infrastructure bank. I just want people to be warned about infrastructure banks. The concept is fine for a rare occasion. But the concept is problematic if you simply say let's

borrow today and pay for it with money tomorrow. It appears and it does—it is necessary on occasion. I had to do it for a mortgage, otherwise, I couldn't get my house. The Commonwealth of Massachusetts basically did it to pay for the Big Dig. We also did it a few years ago to do something called the Accelerated Bridge Program out of the stimulus. Which means today, the Commonwealth of Massachusetts, approximately 30 percent of every Federal dollar coming into Massachusetts has already been spent.

Now, OK. Those are two emergencies, we had to deal with them. It happens. But if you do it all the time, you are going to find yourself, those of you who spend more than a few years here, you will find yourself in a situation where every Federal dollar that comes into your State has been spent by your predecessors. So be careful about how far we go down the road on infrastructure banks.

And, lastly, I guess I want to say, Mr. O'Sullivan, my guess is that I probably have 100 percent voting record with your organization. That is a guess, but if not 100, pretty damn close.

Mr. Donohue, I am not so sure that my numbers are that good with you. But I have got to tell you, I am getting a little nervous. We agree on taxes on roads. We agree on comprehensive immigration reform. Is there any chance maybe we agree in investment on research?

Mr. DONOHUE. I think the research tax credit is an intelligent thing to do.

Mr. CAPUANO. Mr. Donohue, are you going to take any of these things into consideration on my score this year? Because I would like to get up above single digits.

Mr. DONOHUE. Wait a minute, now, Congressman. Don't get carried away. I will start at the other end of the curve and come forward. But I would like to congratulate you for the position you have just taken on those three issues, and I will certainly keep it in mind.

Mr. CAPUANO. Thank you very much.

Mr. Chairman, I am going to quit while I am ahead.

Mr. O'SULLIVAN. Mr. Congressman, if I could just say thank you on behalf of the members of my organization. Thank you for your vote.

Mr. RENDELL. Can I just respond, Mr. Chairman, to one thing about the infrastructure bank? The infrastructure bank as was in the Kerry-Hutchison bill, did not have any grant authority. It was all loan authority. And so the Federal Government would not—again, if the European infrastructure bank is a barometer, the Federal Government wouldn't lose a dime. We wouldn't be encumbering anybody with debt, we would actually be making a small profit. We would cover the administrative costs of the bank itself and make a small profit.

The European infrastructure bank is a key part of how Europe does its infrastructure and it doesn't wind up costing anybody anything. And you can control that by just making sure that the infrastructure bank only had loan authority. Now, I—I would do it as a mix of loans and grants. But you can deal with that by just giving it loan authority. And $5 billion of loan authority would allow you to loan out $50 billion to projects that would be funded by the—in great part, by the private sector. This money would be the

money that puts the project together that lets money in, and it could create an awful lot of development. And if we are not going to do something in terms of writing big Federal checks, and my guess is we are probably not, we should look at something like that. I mean, it is the theory behind TIFIA. I assume, Congressman, you voted for the significant increase in TIFIA, which was a great idea. Because TIFIA winds up leveraging just a whole boatload of money——

Mr. SHUSTER. Thank you, Governor.

Mr. RENDELL. That and other things.

Mr. SHUSTER. Appreciate it.

With that, Mr. Coble for 5 minutes.

Mr. COBLE. Thank you, Mr. Chairman. I thank the gentleman from Ohio for yielding. I appreciate that.

Gentlemen, good to have you all with us.

Mr. Donohue, in what ways would streamlining the regulatory and licensing processes help us to strengthen our infrastructure?

Mr. DONOHUE. Well, Congressman, if we—if we short—shorten the amount of time it takes to get permits, the amount of time it takes to deal with land issues, the amount of time it takes to deal with environmental issues, from that first perspective, we would spend a lot less money doing it, we would get going much sooner, and the end-to-end costs would be less. Second, there are lots of other regulatory issues, many of which we have worked our way through. Some of the wage rates, some issues on safety and environmental issues, and we are making a lot of progress, particularly on in—Terry and I deal with this stuff all the time. The bottom line is, when regulation is bigger than the rest of the project, I think you have got a clue it is not working well.

Mr. COBLE. Thank you, sir.

Governor Rendell, not every Member of Congress, as you know, has a district that includes ports or waterways. Explain to us why these Members, without those facilities, should also have concern about having a modern inland waterway and port system in our country?

Mr. RENDELL. Because without that, Congressman, there are businesses, manufacturers in your district that export. And the key to successful and competitive exporting is to be able to get the product from your State to a port, to have that port run effectively and efficiently, and get those goods on their way at the lowest cost in the fastest time available.

Mr. COBLE. Thank you, sir.

Mr. Donohue—and I will also hear from Mr. O'Sullivan on this one. The Chamber in the econometric analysis found that the Nation—if the Nation placed a higher priority on transportation, we could add nearly $1 trillion annually to our GDP.

With that in mind, what policies or best practices that States are using can and should be applied at the national level by the Congress?

Mr. DONOHUE. Well, we have talked to a lot of the States. We have done a lot of analysis on this. Our view is—and we just talked this minute—anything that we can do to shorten the timeframe between idea and conclusion, anything we can do to assure that financing and money is available in an intelligent way, anything we

can do to work carefully with our employees and our private sector to do some joint issues, which is happening more and more in the States, all of that shortens the timeframe, reduces the cost, and gives—this is very important, probably not in my testimony—when people see a result, when people—I can go drive on that road, I can go on that bridge, I can get quicker to go to work—all of a sudden, they get much more agreeable on the next deal.

Mr. COBLE. Well, in other words, just generously lacing with some common sense might be a good way to say it.

Mr. DONOHUE. You want to get everybody upset, but I think common sense would be a great addition.

Mr. COBLE. Mr. O'Sullivan, do you want to add that?

Mr. O'SULLIVAN. I don't know that I could add much, Congressman. I agree with common sense and what Tom—Tom laid out we have to figure this out, we have got to shorten these periods.

Congressman Capuano makes a good point. I mean, we have to be environmentally sensitive. But at the same time, we have got to be able to move product to market, move people from point A to point B, and we have got to shorten the time that it takes to do—to repair and rebuild our infrastructure.

I also think that Tom just touched upon—we need the value-added proposition of what people are getting when you talk about possible increases in gas taxes and those things.

And I would just add that between American transportation mobility, which Tom heads up that our unit is part of, Building America's Future, which the Governor has spearheaded for years, I think it is incumbent upon our organizations and other transportation organizations to work hand in hand with this committee to accentuate the reasons why we need to put more money, not less money, towards our infrastructure; why we need to shorten the timeframe of identification of a project to completion of a project. Because, in the end, our economy depends upon it, sorely depends upon it. And so does our ability to create much-needed jobs in the construction industry moving forward.

Mr. COBLE. Thank you, gentlemen, for being with us. I yield back.

Mr. SHUSTER. Thank the gentleman. I just want to alert folks that at 1:15, we expect a vote. I know there is some time constraints on some of the panel members.

So if you would—we are going to recognize everybody till 1:15. But we are going to adjourn when we go to vote. So if anybody wants to be considerate of other Members here that want to ask a question you shorten it up, quicken it up. And our panelists, if you can give snappy answers, we certainly would appreciate that.

With that, I recognize Mr. Nolan for 5 minutes.

Mr. NOLAN. Thank you, Mr. Chairman. With that in mind, I will withhold my questions. But I feel I would be remiss if I didn't thank the panel. We have three extraordinary leaders here: From labor, from business, from combination of business and governance. And they have outlined a vision based on the needs for progress and development here in this country. And we would all do well to heed their good advice and find a way to enact and to implement that vision.

And I would remind everybody that being from Minnesota, and the talk about the need to fix our infrastructure and our bridges could not be more apparent where the bridges have literally fallen down, in the case of I–35, costing us the tragic death of many people and the great costs associated with that.

And as you have all pointed out, this is America. We are and we can be exceptional, as the Governor pointed out. And let's take the challenge that they have issued us here today. And let's bring forth a good, strong bipartisan bill that implements the recommendations that we have heard here today.

Thank you all very much, gentlemen.

Mr. SHUSTER. Thank you, Mr. Nolan. And that will be duly noted that you yield back about 4 minutes. Write that down somewhere. With that, I recognize Mr. Gibbs.

Mr. GIBBS. Thank you, Mr. Chairman.

And thank you, panel, for being here.

I want to maybe talk a little bit about water sites, since the water is, at least on a tonnage basis, about 90 percent of the freight goes through our water system. And, Governor Rendell, I want to thank you for your commitment on the RAMP Act, especially what is going on in Panama, what it does to our competitiveness if we don't get our ports in order, as you know.

We talked about it a little bit with Congressman Duncan about the costs of these studies and time. And I noticed in your testimony, at least two of you talk about the private-public partnerships, getting capital. And, you know, seems to me we have better chance of doing that if we restore some confidence in the private sector, that we are not going to run up a bunch of costs on the studies and the time.

Does anybody have a—maybe a kind of a ballpark figure, percentagewise, what some of the costs of the studies are compared to the total project?

Mr. RENDELL. That is a good question.

Mr. DONOHUE. Forget the costs of the dollars that goes into the study. And it employs some people. Look at the costs of time. And the costs of time is much more expensive. You are paying interest, you got construction financing, you have got all the frustrations, the delays. You know, you can look at the studies. You were talking about poco. But serious deal, time is money.

Mr. GIBBS. Because I have seen a couple examples, 15 years, $75 million before the backhoe started. You know. And it just really frustrating. So I know in your—previously here in the committee talked about waivers and time limits and lawsuits. And, hopefully, that is something we can incorporate. Because I also want to also thank the chairman for his commitment to do a water bill, which I think is important.

And along with that, on the—when we start looking at projects, you know, I think it might be a different water bill, I may be going on a little limb here, since I am chairman of the subcommittee. I know in the past—I wasn't, of course, here—there was the earmark issue. You know, I think we should make sure we have a very transparent and accountable process. But things of regional or national significance, you might want to care to comment about how

we should maybe try to move that way in a new version or a type of water bill.

Mr. RENDELL. Well, again, there was some debate on the infrastructure bank bill about whether it was transportation only.

Again, if it was up to me, I wouldn't make it transportation only, I would make it available to other things. But in this case, you are talking about water transportation. So it would be available for that. And that would be where you would go to get that type of sort of overview. And broad—in other words, there would be earmarks, but they would be competitive earmarks based on a cost-benefit analysis. That is what TIGER was. When you think about it, TIGER was earmarks. TIGER—money was given to a specific proposal.

But it came after a competitive process which subjected each and every one of the applications to cost-benefit analysis. And you are right. There has to be a vehicle for specific projects. But that vehicle, to go back to I think the point Mr. Donohue made, the public, rightly or wrongly—and a lot of earmarks were very good and did a lot of things for Pennsylvania transportation. But the public never heard about those. And the whole earmark process poisoned the well for transportation funding.

So in this case, you would have earmarks being given out, but given out by a group that is doing it on a cost-benefit analysis on national goals and priorities and things like that. By the way, the Congress could write in the criteria that the board members of the bank would use to decide which projects would be funded.

Mr. GIBBS. Mr. Donohue, would you like to expound a little bit more how to create these public-private partnerships and getting that private capital?

Mr. DONOHUE. There are a lot of examples how this has happened. I was up in New York the other day with people that have a billion dollars they want to invest in this. What we need are projects that can be organized and financed in the short basis that are going to have a decent return. Some people think it is a gift, you know. But it is there. And we just—in the issues we just spoke about, in terms of how do we take all that delay out, you shorten the time and put the asset to work so that it is bringing in a return, you can get a lot of it.

Mr. GIBBS. If I can conclude here, I just wanted to say, and you referenced the Olmstead Project. I have been there. I am very frustrated what is happening there. The cost overruns, about 90 percent of the capital budget is going to that one project. And we need to fix that. And in the future, need discussion on that. I have talked to the Army Corps of Engineers, but we are still a few years away. My time is up. Thank you for being here.

Mr. SHUSTER. Time is up. I thank the chairman of the Water Subcommittee and look forward to working with you as we work on a water bill.

With that, I yield to Mr. Maloney from New York.

Mr. MALONEY. Thank you, Mr. Chairman. While I cannot exceed my colleague from Minnesota in many respects, I am going to beat the Rick Nolan rule or standard on 4 minutes yielding back.

I just want to thank the panel for your testimony. I am a huge fan, Governor. Thank you for your leadership on infrastructure

over many years. I created the Public-Private Partnership Commission when I was in the Governor's Office in New York, and we were a big fan of the work you were doing. I think it is very important that Democrats, especially, on my side of the aisle come to the table on these issues that have been brought up this morning, particularly the combination of sources, leveraging private capital, getting that capital off the sidelines and into projects.

What the people of Hudson Valley need is hammers-on jobs. I look forward—I appreciate the role that labor plays in this. It is very important to get your guys off the couch and on these projects. The Tappan Zee Bridge is critically important to my region. You can't look for any better example where we need that TIFIA Program to support that project. The Governor has been a great leader on this in getting design-build into the mix as well. Thank the Chamber for its flexibility on this. And I yield back my time. I thank the chairman for his leadership, and I look forward to working with all my colleagues on the committee.

Mr. SHUSTER. Thank you, Mr. Nolan. Again, somebody write that down. Four minutes to spare—Maloney.

Mr. MALONEY. Don't give it to Nolan.

Mr. SHUSTER. Sorry. I was so impressed with him that I——

Mr. Farenthold.

Mr. FARENTHOLD. Thank you, Mr. Chairman. I did want to talk a little bit—the chairman, Mr. Gibbs, we have all been talking about projects of national significance and in what the Federal role is in determining how our highway dollars are spent. You know, I am from Texas. The Texas Department of Transportation published their transportation goals, ranging from a low of $10 million to widen a roadway in Jefferson in Chambers County, to over $16 billion to complete Interstate 69. And near and dear to the—my constituents in Corpus Christi, $600 million to replace our aging Harbor Bridge.

You hear some people say, let's just turn the money over to the States and block grant it and let them choose the priorities. How do you balance that with choosing what projects are of national significance? I don't think we would have gotten the Interstate Highway System built through some of the less populated States. Where is the balance there?

Mr. RENDELL. Again, it goes back to what I said. I don't know, Congressman, if you were here earlier. I said I would leave the basic funding formula in place that distributes money to every State. But then I would create a second pool of money, akin to the TIGER grant program, maybe even a little larger, for projects of national significance.

Mr. FARENTHOLD. So we had the President's State of the Union. He had a lot of ideas, many of which I really liked. But are we falling into the trap that I think the President fell into with a laundry list of great ideas, but no how do we do them? You know, how do we fund them? What—what is the—you know, what is the impact, with a limited pile of money, how do we get there?

Mr. RENDELL. Well, again, I think all three—and I don't mean to speak especially for Mr. Donohue, I would get him in trouble. But I think we all agree that there should be some increased rev-

enue flow, either temporary increase in the gas tax, changeover to a vehicle miles traveled type tax——

Mr. FARENTHOLD. So the big concern with the miles-driven tax, which I think may end up being where we come, as we see more vehicles move to natural gas, electric, how do you ensure privacy as to where people are going with that and how do you pay it on a short-term basis rather than getting a bill from the Government every year for how many—when you don't have the cash to pay it?

Mr. RENDELL. It is a very good question. And it is why I suggest to the chairman that this committee look into that. There is a technology now that can do a VMT at the pump. Again, I am not sure I can explain it that well.

Mr. FARENTHOLD. It is an RFIT-type deal. Probably be how it would work. The pump would read how far you have driven.

Mr. RENDELL. Exactly right. Without being intrusive in finding out where you drove and——

Mr. FARENTHOLD. So you create an incentive, say, all right, you chip your car, you get the miles-driven tax, otherwise, we have jacked the gas tax up. So there is an economic incentive to move to that? Or you just move forward with vehicles manufactured after a certain——

Mr. RENDELL. I don't think we can get vehicles manufactured—I mean, vehicle miles traveled quickly enough. I think you would have to raise the gas tax for a short period of time before there is a transition. But I think this committee, it could be the most valuable thing you do. I don't know how you do your assignments, Mr. Chairman, but to really up-tempo a study of that. When—I don't know if all of you remember Secretary LaHood came out in favor of looking at and transitioning to a VMT. And then the White House——

Mr. FARENTHOLD. The problem with any increase here is that gasoline—it is almost like an overall tax. There are very few ways an individual can lower their consumption of fuel economically. You can cut out unnecessary trips. But most people don't take many unnecessary trips. You go to work, you go to school, you go to the doctor's office. How do you know, you know, without major capital investment in a new car, avoid that? Are we just—are we just asking the American people to pony up more when that is really all they are hearing now?

Mr. RENDELL. Well, there are ways. I mean you would be surprised. Keeping your tires at the appropriate pressure, you would be surprised how much that cuts your gas bill.

Mr. FARENTHOLD. Maybe we will read the tire pressure and there will be an alternative tax for not maintaining your tire.

I will give a little time back. Thank you.

Mr. SHUSTER. Thank you, Mr. Farenthold. And with that, Mr. Rice is recognized.

Mr. DONOHUE. Excuse me, Mr. Chairman, I think you know where I have to go next.

Mr. SHUSTER. Yes.

Mr. DONOHUE. And I have to leave now or I can't get there on time. And I want to show you the extraordinary relationship between labor and business. I yield my proxy to Mr. O'Sullivan.

Mr. SHUSTER. Well, fortunately for some or unfortunate, you don't get to vote today. But I know you have an important meeting and so by all means go and make sure you carry the good word to the individuals that you are speaking to in a few minutes. Thank you for being here, Mr. Donohue.

Mr. DONOHUE. Thank you.

Mr. O'SULLIVAN. Thank you for your proxy.

Mr. SHUSTER. Mr. Rice, you are recognized.

Mr. RICE. Thank you, Mr. Chairman. I want to start by thanking the chairman and the ranking member. I look forward to working with this committee over the next year. I consider it is a big privilege and honor to sit on the committee and look forward to learning and helping America grow. My priority since my first political office was only 2 years ago, I was the chairman of the county council in Horry County, South Carolina, where Myrtle Beach is. And my priority has always been jobs. And my name plate on my desk says jobs, jobs, jobs.

I am very concerned about American competitiveness, about our infrastructure keeping pace with the rest of the world. It is not enough that we simply maintain our infrastructure, we have got to keep moving forward or we will be left behind. I have maintained throughout my campaign that spending money on meritorious infrastructure is not really an expense but an investment that pays returns.

I want to tell you a little bit about my frustration and I am really going to repeat a lot of what has been said here today. We have got two major infrastructure projects in my district. And you have to keep in mind I have eight counties in South Carolina. National unemployment rate 7.8 percent, statewide unemployment rate in South Carolina about 9. Not one, not one of my counties is even at the State rate. I have Marion County in South Carolina, which is the highest unemployment in the State of South Carolina, 18.5 percent. I have got Marlboro, which is number two at about 16 percent, and I have Dillon, which is number eight at around the 14-percent range.

One of these projects that I am talking about is I–73, which would impact every one of those counties in a big way. Studies have been done—29,000 jobs, 21 percent annual return on investment to construct that road. We have been trying to get the permit now for 5 years, 5 years. And we are still dealing with the Army Corps of Engineers. And while I wonder about that—well, let me go to the next project. The second project is totally within Horry County, no Federal dollars involved at all. One, we couldn't get any help from State or Federal Government. Voters stepped up and voted a local option sales tax to construct a series of road projects. One of the top ones was extension of road called Highway 31 and four-laning a road called 707. We had permits to do both of those projects independently, we had to move the intersection of the two roads a little way. Southern Environmental Law Center stepped up, said we need to relook at this because we are moving it, you have to get a new permit. The Army Corps said you need to join those two roads. Not only that, we need that resurveyed, but we want you to look it the last portion of Highway 31 you built 9 years ago in case you damage more wetlands than you told us you did.

And we will see you in 2 years, and that was 2 years ago. Thousands of potential jobs, no Federal dollars involved. It is not just that the Federal Government is not participating in helping us to progress, it is that the Federal Government is actually an anchor around our necks, and that even when there are no Federal dollars involved they are a burden, a wall holding up progress, holding up American competitiveness and sacrificing American jobs.

I would just like your comments on that.

Mr. RENDELL. Well, again I don't think either of us would argue with you. You are dead right, particularly the second example is a great example. When we were trying to get dredging, Mr. Chairman, done in the Delaware River to make our port competitive, we had EISs and we had EAs and they had been done, and a group came in and said, no, you need to do another one. And we fought hard and actually won that battle and won that argument, but they seem to be endless. There was no material change at all. In fact, I actually talk about this a little bit in the book that I wrote. The reason they ask for a new environmental impact statement was because there was a school of sturgeon that had taken up residence in the Delaware River and they wanted to see the impact on the sturgeon. I said how long has the sturgeon been living there, they said 3 years. I said do you realize that we dredge every year just to maintain our current level and that means we blast. And how are the sturgeon doing? The person from OSHA said, well, they have grown, the school has gotten bigger. I said, well, there you are, they like it, they really like dredging, you know. Why do we need to do a new study? The sturgeon aren't dying, the school is growing.

I mean one of the Congressmen who is not here anymore used the term "common sense"; we need common sense, simple as that. And we can't be afraid to say that. And there is no reason that you need another EIS to go back to something that was done over the last 9 years. There are frustrating stories like that all over.

And if Mr. Capuano was still here I would say we don't want to get rid of any environmental regulations, we just want them to be conducted in a commonsense way, in a swift way, in a way that is fair and it doesn't necessarily hamper growth and development.

Mr. RICE. I may disagree with you there, there are a few I might like to get rid of.

Mr. SHUSTER. The gentleman's time has expired. We have to figure out how to legislate common sense. I don't know if we can do that or not.

With that, Mr. Radel from Florida is recognized.

Mr. RADEL. Thank you, Mr. Chair. I dovetail right off that, I have had the honor of representing and serving Florida. I am a firm believer that a healthy environment means a healthy economy. But we are hearing it time and time again. You have DEP at our State level, EPA, Army Corps.

Mr. RENDELL. OSHA.

Mr. RADEL. OSHA, everything overlapping. And so what do we have, we need to look at both sides of the ledger here. We are being asked, we need to invest, we need to spend, spend, spend, but at the same time we are getting our credibility cut because of delays, which mean even more spending.

With that said, I would like to go back to a word that was used in theory of devolution, devolutionists. It sounds like a rock band, by the way. I think, Governor, you are well suited to answer this. Is there something we can do to push this down to the States? Instead of having the EPA in Washington clearing these projects, can we leave the jurisdiction up to the States?

Mr. RENDELL. Actually I know Terry is going to want to jump in on that, too. That is another one of the problems, is that you have joint jurisdiction often. You have to deal with the Federal regulations and you have to deal with the State regulations. It doesn't make a whole lot of sense. And there are ways to streamline this. By the way, I think you made some strides in MAP–21, you made some definitive strides, and I think all of us were pleased with that. We can do more, we can do more and you are right, State, Federal, those investigations if they are going to be carried out, let them be carried out contemporaneously. Why do we have a State investigation and then two-thirds of the way through the State investigation EPA starts to investigate. I mean again it does go back to common sense and it does go back to the people who are in charge of the regulators enforcing common sense.

When I was Governor I never, ever overruled any of my regional DEP people on their environmental conclusion, but I sure as heck told them to get off the dime and get me an answer one way or the other in 30 days or 45 days. It can be done. And you did do, I don't know—were you here for MAP–21?

Mr. RADEL. No, sir.

Mr. RENDELL. I think the Congress made some progress in MAP–21.

Mr. SHUSTER. We did some of that.

Mr. RENDELL. They could do more.

Mr. O'SULLIVAN. I don't know what I can add, but I said it before, and that is that as we have gone through this hearing today and talked about alternative methods of funding infrastructure going forward we hear time and time again the same complaint, Congressman, that you have the same problems that you have. I think as the Governor has laid out, if we don't deal with the State and Federal role in how we reduce the amount of red tape, if we can figure out the funding we are still not going to be happy with the end result because of the examples that you brought up and other committee members brought to the table.

So I think while funding is critically important so are the issues that you are bringing forth when it comes to taking a project from identification, to implementation, to finish. And if we don't reduce that time, we are not going to be where we need to be 5, 10, 15 years from now.

Mr. RADEL. Noted. I yield my time. Thank you, Mr. Chair.

Mr. SHUSTER. Thank you, Mr. Radel. And with that I recognize the gentleman who represents the Brent Spence Bridge in Kentucky and Ohio.

Mr. MASSIE. Of course you are going to hear about that bridge in my question, but thank you, Mr. Chairman. As the chairman knows, I am a hard nosed fiscal conservative, but I believe that we need to spend more on infrastructure and that is why I am glad to be on this committee. Not just because I realize the need and

the benefit of spending money on infrastructure, but because of the constitutional nexus that we have. And so it warmed my heart today to see Members on the other side of the aisle talking about the importance of the Constitution. I hope they feel the same way in other areas of the Government.

My question is for the Governor today, and it comes from my experience as a county executive, struggling with a transportation budget myself and also from discussions with my own Democratic Governor Beshear in Kentucky, and that is when I first took office as county executive, the first thing I did was look at the transportation budget in the county because I felt that was of utmost importance to my constituents. We had a 6-year road plan. I found a 36-foot bridge on the plan that went to five houses on a dead end road, and I assure you there is no national significance to this bridge, and it was going to cost $400,000. So I asked the State engineer why the bridge was going to cost $400,000. He said because we are getting Federal money to build this bridge. And with the Federal money comes a need for an archeological study, a hydrological study and an environmental study. And talk about common sense, you don't need a hydrological study, you go ask the farmer whose family has lived there for over 100 years, has the water ever been over this bridge, and he says no. So you build one just like it. I also think once you go over a certain level you had to start paying prevailing wage for this bridge. So an $80,000 bridge became a $400,000 bridge because it took Federal money. So I talked to the Governor about this because we are always looking for ways to pay for the Brent Spence Bridge. This is where the confluence of I–71 and I–75 come together near Cincinnati and cross the same bridge; 4 percent of our commerce goes across this bridge. And I thought what if we gave the Governors more power? For instance, as I understand it, we can't earmark programs but we sort of tie the Governors' hands, we give the money in silos. And if I understand this correctly, some of the money has to be spent on small bridges in rural areas, some of it on beautification, some of it on recreational trails. And so—I don't find a constitutional nexus or national importance for all of these things.

So my question for the Governor is, would you like to see more flexibility on these funds, and if you were still Governor would you like to have been able to have more flexibility to take money maybe from the recreational trails or the beautification projects and spend it on infrastructure that was sorely needed?

Mr. RENDELL. The answer is I think every Governor would want more flexibility and there is no question about it. But by and large, you are right. There are tranches like bicycle trails, et cetera, that become part of the Federal bill. But remember how the money, transportation money is distributed. You had an MPO that included your county, right? Or an RPO, rural planning organization, and the State let that organization vote on its priorities for the 6-year plan, am I right? So basically except for the tranches that come with Federal requirements, basically the States do have fairly free rein, and the Governors can influence the MPOs or RPOs by having the Penn DOT secretary. The Penn DOT Secretary says well, we would really like to do this or we would really like to do

that. But basically in the end the MPOs raise their hands and they set the 6-year plan in motion.

So there is a lot of flexibility right now with the Federal money that comes in, there is no question. Are there tranches in there, generally small tranches that I would like to see left up to the individual State policy? Absolutely. But remember, the vast majority, the highest percentage of the money, 85, 90 percent, is distributed—those plans are set by the RPOs or the MPOs. And it always used to—when I was mayor it ticked me off that Philadelphia, which had 40 percent of the population of my MPO, got 1 out of 17 votes, because there were other like 17 counties in the MPO. But that always bothered me. But again I think there is a lot of flexibility with the Federal dollars. What I would have suggested were I Governor of Kentucky is you do that project without Federal money, fund that yourself, $400,000, you don't really need Federal money to get that done. And so you avoid all of the Federal requirements.

Mr. MASSIE. The story has a happy ending. I gave the money back and got some State money and did it for $80,000 instead of half a million dollars.

Mr. RENDELL. There you go, you did the right thing.

Mr. MASSIE. But as I understand it from the Governor, he does get money from silos and can't move it from one silo to the other. There is money we would like to spend on the Brent Spence Bridge that we can't.

Mr. SHUSTER. I thank the gentleman from Kentucky. We have a vote going on, we have 11 minutes left so we can probably get you two—you and Mr. Davis in if you shorten it up a little bit. Thank you.

Mr. Mullin from Oklahoma.

Mr. MULLIN. Thank you, Mr. Chairman. I appreciate the opportunity to sit on this board. I sat here just for one reason. I own a company, which is construction companies. We spend over 40 cents on every dollar to comply with regulations that come in. One thing we can definitely hear among everybody here is that regulations, the red tape, the common sense has been taken completely out of these agencies and they are becoming more of a hindrance than they are to help preserve anything because our infrastructure around us in Oklahoma is definitely failing. And I can identify the agencies that cause us the biggest headache to complete projects or even to be able to start projects. And what I look forward to is the opportunity to work with everybody here to identify those agencies that have reached too far and bring them in and make them answer for what it is they are requiring us to do, because what we are doing is we are funding projects and we are sending it to the Government to just be able to do the project.

And I yield back my time, but I do say, Mr. Chairman, thank you for allowing me to serve and thank you for taking the time to be here.

Mr. SHUSTER. Well, we appreciate you, Mr. Mullin, being here. Someone with your experience, real world experience is going to be very, very helpful as we move through all these different bills, WRDA to the next highway bill. We look forward to the expertise that you bring.

And with that, final questions, Mr. Davis from Illinois.

Mr. DAVIS. Final questions, I am the last guy. Thank you, Mr. Chairman. I will make it quick. How many minutes do we have left?

Mr. SHUSTER. You are going to get 5, but we have 9 to vote.

Mr. DAVIS. Hey, I just want to say I hail from the great State of Illinois. Mr. O'Sullivan, please give my best to John Penn in the Midwest region, a friend of mine, somebody that I know we can work with on a regular basis to pass some major legislation that is going to help us rebuild our crumbling infrastructure. I see the need for that. It is a bipartisan issue that we all know. I want to thank both of you for coming in today and sitting here and answering the questions.

To be honest, all my questions have been answered so I am not going to ask you anymore. I just want to reiterate locally how important it is to address some of the major issues in the regulatory environment to reduce the overall project costs. I am going to give you one example, a two-lane highway that is about to be finished into a four-lane highway from my hometown of Taylorville, Illinois, to Rochester. It was 18 miles back in 1988, first ever Federal funding in SAFTEA–LU I believe, and we had—it was estimated to cost $18 million to build that four-lane section, it is going to be finished this next year, yes, next year. And we are exponentially higher than $18 million. And a lot of it has do with the questions my colleagues have asked, the questions that the chairman has brought up. I would just urge us all to continue to work together, Democrats, Republicans, labor, business because we can make something happen. Under the leadership of Chairman Shuster whom I know wants to see a long-term transportation bill I think we can all work together to make it happen.

Thank you again for coming today. I yield back.

Mr. SHUSTER. Thank you, Mr. Davis, and I want thank our witnesses today, appreciate your spending time with us. The discussion was broad and informative. We appreciate it and look forward to talking to you as you move into the future. Again thanks and safe travel.

Mr. RENDELL. I can't ask Mr. Davis why I spent 13 hours in O'Hare Airport on Monday?

Mr. SHUSTER. I don't think he represents O'Hare Airport so he is not going to take the blame for that.

Mr. DAVIS. Aviation Subcommittee.

Mr. SHUSTER. I ask unanimous consent that the record of today's hearing remain open until such time that our witnesses have provided answers to any questions that may be submitted to them in writing and ask unanimous consent the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in today's record.

Without objection, so ordered. And with that the hearing is adjourned.

[Whereupon, at 1:20 p.m., the committee was adjourned.]

Statement of the Honorable Tim Bishop
Committee on Transportation and Infrastructure
Hearing on "The Federal Role in America's Infrastructure"
February 13, 2013

Thank you Mr. Chairman, for holding this hearing today on this extremely important topic. When it comes to America's infrastructure, the role of the Federal government is both critical and clear. Never has the need for Federal investment been greater, and in my district, perhaps more urgent both in the short term and long term.

In my district, still devastated by the impacts of Sandy, immediate Federal investment will help rebuild our roads, our dunes, and our wastewater facilities—the underpinnings of our local economy and essential to our day to day lives. This short term investment is critical, but it is not all that is needed. In New York and around the nation, a long term Federal investment is needed in America's infrastructure to create jobs and restore and strengthen our economy.

The focus of today's hearing will be largely on the Federal investment in the nation's transportation system, including our roads, rails and transit systems; and without question they are fundamental to our economic success. The surface transportation bill the Congress passed last year must be regarded as only the first step in a much larger investment in surface transportation that the Federal government must make over the next several years to rebuild our crumbling roads and bridges and the businesses that rely on them for success. We cannot ignore however, other looming infrastructure needs that are just as great and just as important to our economic future.

Around the country, states report a need of close to $300 billion in wastewater treatment, pipe replacement and repair, and stormwater management projects over the next twenty years. This need is especially pressing in many cities and communities facing a critical juncture in the age and reliability of their water infrastructure, with pipes and sewage treatment facilities reaching the end of their expected useful life.

Concern over the nation's wastewater infrastructure has been highlighted in multiple governmental reports, including one by the U.S. Government Accountability Office (GAO) that found that the integrity of the nation's wastewater infrastructure is at risk of failure if there is no significant effort to improve the management of key assets, such as pipelines and sewage treatment plants, as well as a significant investment in maintaining, rehabilitating, and replacing these assets.

Just like our roads and bridges, our wastewater systems are crumbling, and just like our roads, the failure to invest and rebuild these systems will have a ripple affect not just on our water quality but also on our economy. Without a greater Federal investment, communities that cannot upgrade and expand their wastewater systems will find it harder to attract new business and to build new homes. Existing businesses and homes will see treatment costs rise as short term fixes are sought. Current Federal appropriations that equal less than 1/10th of the identified need to modernize and repair these

systems are clearly not sufficient, and the time for a new approach to Federal investment and financing of these efforts is now.

Last Congress, I introduced legislation that took an "all of the above" approach to wastewater financing, and I hope to work with my colleagues on both sides of the aisle again and early in this new Congress to make that effort a reality.

Similarly, this nation is facing a critical juncture in the capability and reliability of our ports, harbors, and our waterborne highways – the network of navigable waterways that make up **our** inland navigable waterways. In this country, our system of inland waterways and coastal ports plays an essential role in domestic and international transportation, the health of national, regional, and local economies, and the creation and preservation of thousands of domestic jobs.

Like the nation's highways and mass transit systems, the condition of our navigation-related infrastructure is deteriorating before our eyes. While the "potholes" may be less obvious to the average American, the signs of age and neglect are equally as relevant, and the consequences to the U.S. economy are just are important.

According to a recent report of the American Society of Civil Engineers, even if we just maintained the current, albeit inadequate, level of funding for our coastal ports and inland waterways, by 2020, there will be an estimated 738,000 fewer jobs in the United States that rely, in some fashion, on the goods and services moved on the water.

Providing a 21st Century water transportation network will require sustained investment in the repair, replacement, and adequate maintenance of the nation's inland waterways and coastal ports, including maximizing the intended benefit of two Federal trust funds created to support such waterways and ports. However, the challenges of ensuring that sufficient funds are available for these activities is critical, and will require serious efforts by this Committee and this Congress to maximize the benefits of our marine and inland highways.

In closing, I want to reiterate my belief that the Federal government has a clear and critical role in investing in all modes of our infrastructure, and the fact that we are holding this hearing makes me hopeful that the Chairman and the rest of my colleagues on this Committee agree.

As Ranking Member Rahall pointed out, however, this collaborative view could be severely undermined however, by the looming cuts that would result if the sequester or the budget that will soon be proposed by the Chair of the Budget Committee, were to go into effect. Clearly, the impacts on Federal infrastructure financing that would result from these drastic budget cuts would be devastating and have severe impacts on our economy that will make it very difficult to recover.

We have proven over the past few years that we really cannot do more with less, we just do less with less. When it comes to our infrastructure, the ripple effect that declining investment has on every aspect of our economy is clear and cannot be ignored.

SENIOR DEMOCRATIC WHIP

COMMITTEE ON SCIENCE, SPACE AND TECHNOLOGY
RANKING MEMBER

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES & ENVIRONMENT
SUBCOMMITTEE ON AVIATION
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

CONGRESSIONAL BLACK CAUCUS
CHAIR, 107TH CONGRESS

Eddie Bernice Johnson
Congress of the United States
30th District, Texas

PLEASE RESPOND TO:
WASHINGTON OFFICE:
2468 RAYBURN BUILDING
WASHINGTON, DC 20515-4330
(202) 225-8885

DALLAS OFFICE:
3102 MAPLE AVENUE
SUITE 600
DALLAS, TX 75201
(214) 922-8885

WWW.HOUSE.GOV/EBJOHNSON/
REP.E.B.JOHNSON@MAIL.HOUSE.GOV

Statement for the Record
Congresswoman Eddie Bernice Johnson
House Committee on Transportation & Infrastructure
Wednesday, February 13, 2013
Hearing on:

The Federal Role in America's Infrastructure

Mr. Chairman, I am heartened by the subject of this committee's inaugural hearing of the 113th Congress, and share your view of the vital role that infrastructure plays in the U.S.'s ability to compete globally and grow our domestic economy.

From the development of the transcontinental railroad system, to the Eisenhower Interstate System, and the 21st century advances in high speed rail, the federal government's role in the development of infrastructure has been directly tied to our country's economic success and expansion. In order to maintain our Nation's competitive edge, we need to have the kind of infrastructure and multi-modal transportation system that can move goods and people efficiently and safely. Our economic output and growth as a Nation depends on it.

While we are confronted with an aging infrastructure and serious fiscal limitations, this Committee has historically approached these challenges in a bipartisan fashion, and this has served to benefit our Nation. Investing in our Nation's infrastructure brings with it both long- and short-term gain. By building out our infrastructure we invest in our economic future, but we also create thousands of good paying jobs.

I look forward to the testimony of the witnesses, and the continued role of this Committee in expanding and improving our Nation's infrastructure.

PRINTED ON RECYCLED PAPER

Congressman Timothy J. Walz

There is a broad consensus across the political spectrum that our nation's infrastructure system needs a strong investment in maintenance, upgrades and improvements. This sentiment is echoed by the business and labor communities, state and local governments, and consumers and families. Two areas in particular – the interstate highway system and freight rail – are especially important to me and my constituents.

The interstate highway system is the backbone of our nation's infrastructure, ensuring that individuals, military supplies and commercial goods can access virtually every corner of this country in a safe and efficient manner. However, investments in maintenance and improvements have not kept up with the increase in commerce transported on these roads. For example, Highway 14 in my district stretches from one end of Minnesota to the other, and serves as an essential link for citizens. Yet, most of Highway 14 remains a two-lane highway. This poses a safety risk and challenge to our rural businesses trying to transport their goods across the country and to our workers trying to get to their jobs. Without four lanes, these challenges will only increase.

Freight rail is another important means of transportation that needs upgrading. In southern Minnesota, freight rail transportation is one of the most efficient ways for our farmers, manufacturers, and businesses to transport their agricultural products to markets in the U.S. and abroad, and to transport the coal we depend on to generate energy. This is why I continue to be concerned about the rising shipping costs our rural businesses continue to face. I believe we can invest in our rail system while ensuring our businesses are presented with fair market shipping rates.

I have long been a supporter of improving our freight and passenger rail system, as well as our highway system, and I look forward to working on these issues this session as a member of the Transportation and Infrastructure Committee.

Co-Chairs

Michael R. Bloomberg, Mayor, New York City
Edward G. Rendell, Former Governor, Pennsylvania
Arnold Schwarzenegger, Former Governor, California

Testimony of the Honorable Edward G. Rendell
The Federal Role in America's Infrastructure
House Committee on Transportation and Infrastructure
February 13, 2013

Chairman Shuster, Ranking Member Rahall, and Members of the Committee, thank you for the opportunity to testify before you on the urgent need for federal infrastructure investment. This hearing could not be more important as I believe this issue is one of the most urgent facing our country.

I am here today as a co-chair of Building America's Future, an organization that I co-founded with Mayor Michael Bloomberg and former Governor Arnold Schwarzenegger. Together, we represent a diverse and bipartisan coalition of state and local officials working to advance infrastructure investment to promote economic growth, global competitiveness and better quality of life for all Americans.

Infrastructure is all around us and is part of our daily lives. Electricity powered the alarm clock that woke us up this morning; clean water came out of our showers; we used a broadband network to check our e-mail; and we traveled to this hearing by car, bus or subway. I took a train from Philadelphia and some of you may even have flown here from your districts. The point is, without a functioning and

reliable infrastructure, our society would not operate as we all have come to expect in daily modern life.

The federal government's role and investment in the nation's infrastructure is vital and indispensable. Yet, how we define the federal role is open to debate. As a former governor, I am a proponent of giving as much flexibility as possible to the states. Lifting federal restrictions on tolling is one such example. But without an overriding national vision and network, America's transportation infrastructure would resemble a patchwork of disconnected roads and rails; our aviation system would be untenable; goods movement would be greatly hindered; and the electric grid would be a disconnected system in each of the 50 states. And all of this would cost businesses and consumers billions of dollars.

For too long, Washington has ignored the warning signs. Inadequacies in the electric grid that left 55 million Americans in the Northeast and Midwest without electricity for 48 hours in 2003; the destruction of New Orleans and other Gulf Coast communities due to inadequate levee systems in 2005; the shutdown of public transit systems, airports and freight rail along the East Coast affecting tens of millions and costing even more due to Hurricane Sandy. A functioning and reliable infrastructure matters. And Americans expect nothing less.

We all know that for the United States to remain competitive in a global economy we must have a first class infrastructure. Our infrastructure – and the good policy making that built it – is a key reason America became an economic superpower. For years, the United States led the world in investing in transformative infrastructure projects – the Erie Canal, the transcontinental railroad, the world's

largest airports, the Hoover Dam, the interstate highway system. But somewhere along the way we lost focus.

For example, America's transportation network has been under-funded for decades. Only about 1.7 percent of U.S. GDP is spent on transportation infrastructure. That stacks up poorly against the nine percent being invested in China, the eight percent in India and the four percent in Canada. To put that into further perspective, American infrastructure spending in real inflation-adjusted dollars is about the same level as it was in 1968 when the economy was far smaller.

According to a 2010 Congressional Budget Office report, total public spending on water and transportation (surface transportation as well as aviation and waterways) declined by 6 percent or $23 billion between 2003 and 2007. That decline reflects a decrease in real capital spending, especially by the federal government.

Although the federal government represents roughly 25 percent of transportation and water infrastructure spending, it has provided much of the funding for operating and maintaining the nation's air traffic control system. Despite that, the United States is living with an outdated aviation system that doesn't serve the needs or expectations of 21st century travelers or cargo shippers. As a result, the World Economic Forum ranks U.S. air transportation infrastructure 30th in the world, behind countries like Panama and Malaysia.

Much of this is based on the fact that air traffic control is managed by the same ground-based radar system developed in the 1950's even though cutting-edge, data-driven and satellite-based systems are being implemented in other parts of the

world. We need to do more to get the next generation air transportation system – NextGen – off the drawing boards and into operation. The nation needs a long term FAA bill.

Fourteen. That is where the World Economic Forum has ranked the economic competitiveness of U.S. infrastructure. In 2005, we were ranked number one. Now we are getting beat by France, Korea and the Netherlands. And when it comes to the quality of our port infrastructure things are even worse as the United States is ranked 19th behind Estonia and Iceland.

Late last year Building America's Future released *Falling Apart and Falling Behind* – a comparative analysis of the transportation infrastructure investments being made by the U.S. and our global economic competitors. As the title suggests, other countries are racing ahead of us by making smart, long-term investments in modern transportation networks such as rail, ports and electric grids to meet the demands of the 21st century global economy.

A case in point is the investment in port infrastructure being made today by our global competitors in anticipation of post-Panamax vessels becoming the norm once the newly widened Panama Canal is completed. Since 2000, China has invested over $3.5 trillion in its ports. Brazil has invested over $250 billion since 2008. And as a result China is now home to six of the world's busiest ports and the U.S. is home to none. Shanghai's port now moves more container traffic in a year than the top eight U.S. ports combined. Brazil's investment has gone into its Acu Superport, larger than the island of Manhattan, with state-of-the-art highway, pipeline and conveyor-belt capacity to ease the transfer of raw materials onto ships heading to China.

Despite a large surplus in the Harbor Maintenance Trust Fund, the busiest U.S. harbors are under-maintained. The U.S. Army Corps of Engineers estimates that full channel dimensions at the nation's busiest 59 ports are available less than 35 percent of the time. We need to make certain that our ports remain economically competitive by passing a Water Resources Development bill and by ensuring that the revenues collected by the Harbor Maintenance Trust Fund are spent for their intended purpose – not to mask the federal deficit. I urge you to approve the RAMP Act.

The situation on our roads is not much better. The Texas Transportation Institute's 2012 Urban Mobility Report was released last week showing that traffic congestion had Americans wasting 2.9 billion gallons of fuel at a cost of $121 billion – that equates to $818 per commuter. And no wonder when one learns that the number of vehicles traveling on American highways has increased by 104 percent since 1980 yet the miles of new highway lanes have grown by only four percent.

The growing congestion on our railway system plagues the nation's freight corridors, choking economic growth and development throughout every region of the country. In Chicago alone, the nation's largest rail center, congestion is so bad that it takes a freight train longer to get through the city limits than it does to reach Los Angeles. The cost to mine metallurgical coal in North America is the same as it is in Australia, but the cost to ship it to the coasts so that it may be exported to Asia is up to four times greater due to transportation and logistical costs.

During this time of continued economic uncertainty and record federal deficits, some question why America should aggressively invest in its infrastructure. The answer is simple. Infrastructure is an economic driver and has the added benefit of creating long-term quality jobs. It improves the quality of our lives and it enhances our economic competitiveness. To put off investments in infrastructure - or worse, to devolve all responsibility to the states – is simply shortsighted. Further, interest rates are at record lows – meaning we can do more for less.

What are we waiting for?

Make no mistake. There are consequences to the federal government's failure to adequately invest in the nation's infrastructure. The American Society of Civil Engineers has recently issued a series of 'Failure to Act' reports that compared current and projected needs for infrastructure investment against the current funding trends in surface transportation; water and wastewater; electricity; and airports, inland waterways and seaports. The final report, released last month, documents that the total cumulative gap between projected needs and likely investment in these important sectors will be $1.1 trillion by 2020. It further documents that aging and unreliable infrastructure will increase the costs to businesses by $1.2 trillion and to households by $611 billion by 2020.

To regain America's economic status as a world leader, Building America's Future recommends:

- Creating a commission charged with producing a ten-year critical infrastructure plan – covering transportation, water, energy and broadband - that makes significant new investments. The Congressional Budget Office

has concluded that an annual investment of $185 billion would be economically justified.

- Passing a long-term transportation bill.
- Targeting federal dollars to economically strategic freight gateways and corridors.
- Investing more strategically in projects of national or regional significance and that will deliver real economic returns.
- Establishing a National Infrastructure Bank.
- Passing a Water Resources Development Act.
- Passing the RAMP Act.
- Getting NextGen up and operational as soon as possible.

What Americans don't need are more band-aid fixes. No more filling the proverbial potholes. Rebuilding and modernizing America's infrastructure must be a priority and the federal government must play a significant role if we want to continue our quality of life and ensure that we remain economically competitive with the rest of the world.

Thank you, Mr. Chairman for the opportunity to testify on this very important issue.

U.S. CHAMBER OF COMMERCE

Statement of the U.S. Chamber of Commerce

ON: **The Federal Role in America's Infrastructure**

TO: **U.S. House of Representatives Committee on Transportation and Infrastructure**

DATE: **February 13, 2013**

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 the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage 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 issues are developed by Chamber members serving on committees, subcommittees, councils, and task forces. Nearly 1,900 businesspeople participate in this process.

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

U.S. House of Representatives
Committee on Transportation and Infrastructure

Hearing on:
"The Federal Role in America's Infrastructure"

February 13, 2013

Introduction

Chairman Shuster, Ranking Member Rahall, and distinguished members of the House Transportation and Infrastructure Committee, thank you very much for the opportunity to discuss the value of a strong federal role in transportation infrastructure to support economic productivity, international competitiveness, and quality of life.

I want to start by saying "thank you" to everyone who worked hard to pass the bipartisan transportation bills for surface transportation and aviation last year. Both the *FAA Modernization and Reform Act of 2012* and *Moving Ahead for Progress in the 21st Century* (MAP-21) made smart reforms to speed up much-needed improvements to our roads and bridges, public transportation systems, and the aviation network; rejected calls for significant cuts to federal investment; and ended years of short term extensions that created a great deal of uncertainty for businesses and infrastructure owners and operators.

But there is no rest for the weary. This committee has a big agenda when it comes to oversight and implementation of current law, and authorizations of new measures. We look forward to working with you to improve the nation's transportation networks, and on safety, oversight and efficiency efforts that affect transportation carriers.

Today, I want to focus on why it is so important that you are undertaking this agenda, and offer a few initial thoughts on how working with the private sector can help deliver the kind of transportation network this country needs.

The measures this committee will consider will affect whether we can go to work, vacation, school, the doctor's office, and the grocery store safely, reliably, efficiently and cost-effectively. But transportation is much bigger than our personal experiences. Almost everything we can use somehow requires the transportation system at some point during the supply chain—the inner workings of producing and delivering goods and services.

The United States' global competitiveness depends on ensuring that we have a 21st century infrastructure to support a 21st century economy. The responsibility is shared by all levels of government and the private sector. The federal government must take a leading role in making

sure that transportation policies, programs and investments contribute to a strong economy—including interstate commerce and international trade—rather than inhibiting economic growth.

Without a first rate transportation system, we cannot maintain a first rate economy in the United States.

The Economic Growth Imperative

The U.S. economy is simply not growing quickly enough today to create jobs, lift incomes, expand opportunities, or contribute significantly to government revenues in order to reduce trillion dollar deficits.

Economic growth should not be an afterthought. It should be job one. Economic growth must be front and center here in Washington—just as it is in many state capitals across the nation, led by innovative governors from both parties.

The bottom line is that the U.S. cannot miss any opportunities to ignite economic growth, improve our global competitiveness, and create jobs. Without more robust economic growth, the U.S. will not create the 20 million jobs needed in the next decade to replace those lost during the recession and to keep up with a growing workforce; will not have the revenue to get the deficit under control; will not have the ability to keep pace with global competitors; and will not be able to provide our children and grandchildren with a better future. As we emerge from the deepest and most painful recession since the Great Depression—and as our recovery limps along—it is necessary to tap into every available source of economic growth available.

And this committee can do something about jumpstarting economic growth.

"Infrastructure is not the end result of economic activity; rather it is the framework that makes economic activity possible."[1] "Over two years, one dollar spent on infrastructure construction produces roughly double ($1.92) the initial spending in direct and indirect economic output. The long-term impact is also significant, with a dollar in aggregate public infrastructure spending generating $3.21 in economic output (GDP) over a 20-year period."[2]

In other words, transportation infrastructure serves a long-term economic purpose: making it possible for us to live our lives and grow our economy.

The U.S. Chamber Transportation Performance Index

The Chamber's *Transportation Performance Index* (TPI), first released in 2010, demonstrates that enhancing the performance of transportation infrastructure is a vital part of creating sustainable, long-term growth...growth our nation desperately needs.

---

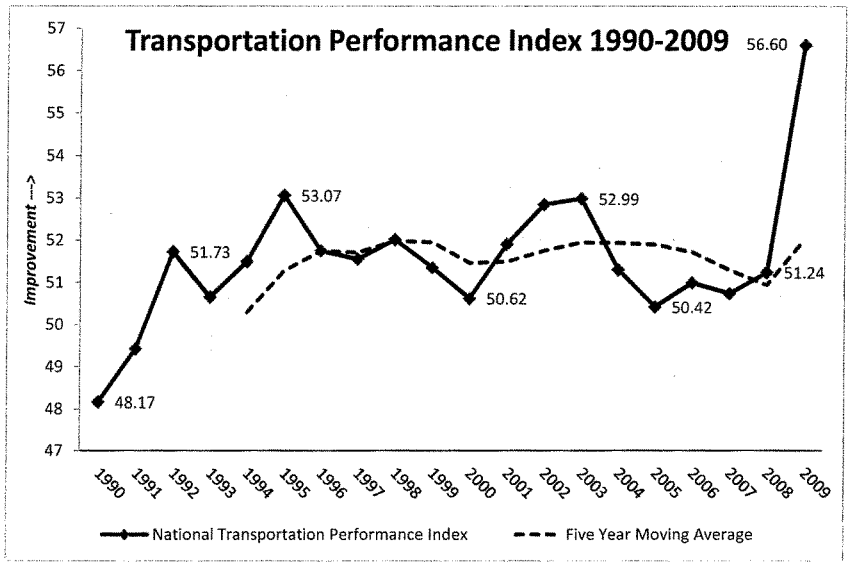
[1] https://www.uschamber.com/sites/default/files/issues/infrastructure/files/LRA_Index_Economic_Analysis_2011_10_17.pdf

[2] http://www.aednet.org/government/pdf-2012/infrastructure_report.pdf

The TPI comprises roughly 20 weighted indicators in each mode of transportation falling into three categories:

- Supply, described as the availability of infrastructure, which is a key consideration for businesses when deciding where to locate their facilities;
- Quality of service, the reliability of infrastructure, whether it supports predictable and transportation services and travel; and,
- Utilization, whether current infrastructure can sustain future growth. Utilization is a key consideration for companies that look years into the future to inform the decisions and capital investments they make today.

Together, the indicators provide a snapshot of transportation system performance. Much like the Dow Jones Industrial Index indicates financial market performance, the TPI is an aggregate measure that is a useful snapshot of the transportation system as a whole at a point in time, but by watching it over time, trends and fundamental system health are slowly revealed.



The inaugural TPI, calculated for 1990-2008, reflected a six percent increase in performance over that period. In contrast, the U.S. population grew 22 percent, passenger travel grew 39 percent, and freight traffic grew 27 percent. Given these facts, it is a testament to business ingenuity that the TPI was not worse. Businesses work around transportation challenges by scheduling deliveries in off-peak hours, implementing flexible employee work policies, and substituting information technology for transportation services. There are also countless stories

of transportation infrastructure owners using the engineering equivalent of duct tape to hold infrastructure together and crafting creative operational strategies to enhance throughput.

In the 2011 update, the data reflected a distinct uptick in the TPI. According to Dr. Susanne Trimbath,

> "Much of the improvement in the TPI may be attributed, in the final analysis, to the decline in economic activity in 2009. But that begs a question: If we can improve the performance of transportation infrastructure by stopping economic growth, is that progress? Of course, the answer is "no". Stopping economic growth is not progress; it is not a solution to the problem of poor performing transportation infrastructure in America. Likewise, although raising gasoline prices to $11 per gallon might solve the funding issue (Appleby 2009) it would have other consequences for economic activity.... The point is that a one or two year improvement in performance won't last without sustained effort. We will need to get out of our own way if we don't want this to fall back again when the economy rebounds in 2012."[3]

From the TPI, the Chamber concluded that the following general policy and investment priorities, applied across all modes, could boost performance and therefore economic growth:

1. Get transportation infrastructure to a state of good repair.
2. Focus on reducing congestion and unlocking bottlenecks.
3. Connect the modes: target last mile infrastructure and intermodal connections, getting out of modal silos and thinking big picture about the system as a whole.
4. Create capacity for the future as cost-effectively as possible and build physical capacity.

There is a clear federal role in ensuring that these priorities are advanced: jobs and a growing economy depend on it.

Economic Importance of Transportation Performance

Econometric analysis using the TPI demonstrates that failure to address the transportation problems in this country undermines economic growth. There is a strong correlation between performance ("the degree to which the transportation system serves U.S. economic and multi-level business community objectives") and economic growth as measured by both Gross Domestic Product (GDP) and foreign direct investment.

Every one point decline or increase in the TPI correlated to a corresponding decrease or increase of 0.3 percent of GDP. A status quo scenario—largely unchanged priorities, policies, regulations and investment levels—translated to $336 billion decline in GDP by 2015. But there is good news: by following the lead of the states with top transportation infrastructure performance, the

[3]http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf)

country as a whole could add nearly $1 trillion annually to GDP by investing in transportation systems that meet and anticipate the needs of business.[4]

This analysis is unique because it examines the overall contribution to economic growth from well performing transportation infrastructure. It goes beyond merely charting the effects of spending and job creation during construction. Instead, the analysis provides robust, stable results showing that transportation performance is fundamental to maintaining a strong economy.[5] The findings of the TPI economic analysis are "different from studies on how infrastructure spending creates jobs in the construction industry or any of a multitude of cost/benefit studies in use today. By controlling for the primary factors known to impact economic development, we are able to segregate a change in the economy that is most likely attributable to the performance of transportation infrastructure."[6]

The TPI econometric analysis also exposed a strong correlation between transportation infrastructure performance and foreign direct investment (FDI) in the United States. There is a positive relationship between foreign direct investment (FDI) that opens new establishments in the United States—creating new jobs—and the performance of transportation infrastructure as measured by the index.

According to the Organization for International Investment (OFII), companies based abroad investing in the United States and creating jobs for Americans provide 4.7% of private sector employment. That includes approximately two million manufacturing jobs, accounting for over 17% of the manufacturing workforce. Quality transportation infrastructure unleashes competitive advantage by leading to lower production costs making U.S. businesses more efficient, making the United States a desirable location for new and existing businesses, and also making U.S.-produced goods and service more competitive in the global economy.[7]

New enterprises established by FDI may be more dependent on transportation infrastructure than other types of infrastructure because of the need to move goods and people between the foreign country and the United States. According to studies done by the Bureau of Economic Analysis, most of what these firms import and about half of what they export is shipped from and to the parent company in the foreign country, making transportation infrastructure an important element of their location decision. The results indicate that a commitment to raising the performance of transportation infrastructure provides positive long-term value for the U.S. economy.

OFII's report, "Building Competitiveness: American Jobs, American Infrastructure, American Global Competitiveness" concluded that,

> "America's infrastructure crisis is threatening America's global competitiveness because it is eroding the country's ability to attract and retain dynamic global

---

[4] http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2011%20Update.pdf
[5] http://www.uschamber.com/sites/default/files/lra/files/LRA_Transp_Index_Key_Findings.pdf
[6] http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf
[7] http://www.ofii.org/resources/insourcing-facts.html

> companies that create high-productivity, high-wage jobs. America's ability to meet the infrastructure needs of dynamic global companies increasingly lags the ability of many other countries—in contrast to much of 20th century, when America's infrastructure was a strong pull attracting these companies. In the United States, global companies have long been among America's most innovative. The U.S. subsidiaries of global companies, in particular, have long created and sustained high-paying American jobs based on substantial investments in ideas, capital, and exporting—much of which is based on lessons learned around the world."[8]

This year, the Chamber will update the TPI and econometric analysis, and also calculate indices for each state. We look forward to providing the committee with the results in the fall.

Transportation and the Chamber's American Jobs & Growth Agenda

The U.S. Chamber works every day to build bridges to promising markets abroad, to tear down the barriers that shut U.S. exports out of foreign markets, and to secure a brighter future where international commerce generates economic growth and job creation at home.

The Chamber's 2013 American Jobs and Growth Agenda[9], includes priorities that are highly dependent on efficient, reliable and secure infrastructure: trade, investment and tourism; and expanding domestic energy production.

Transportation & Trade, Investment and Tourism

Markets outside of our borders represent 80% of the world's purchasing power[10], 92% of its economic growth[11], and 95% of its consumers. They are accessed through transportation networks. More than 38 million American jobs[12] depend on trade. One in three manufacturing jobs[13] depends on exports, and one in three acres[14] on American farms is planted for hungry consumers overseas. Exports alone supported approximately 9.7 million U.S. jobs in 2011, as every billion dollars of exports supported 5,080 jobs in the United States.[15]

The Chamber promotes expanding American trade, two-way investment, and tourism through an ambitious agenda to open international markets and reduce commercial barriers at home and abroad. Our country should make a major effort to attract more global investors; high-performing transportation networks draw foreign direct investment, because infrastructure supports predictable logistics, which are important to efficient trade.

---

[8] http://www.ofii.org/docs/OFII_Infrastructure_Paper.pdf
[9] http://www.uschamber.com/issues
[10] http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)
[11] http://data.worldbank.org/indicator
[12] http://www.tradepartnership.com/pdf_files/Trade_and_American_Jobs7.2010.pdf
[13] http://www.whitehouse.gov/sites/default/files/exports_progress_report.pdf
[14] http://www.fb.org/index.php?fuseaction=newsroom.fastfacts
[15] ASCE, citing the U.S. Department of Commerce from March 12, 2012

> "Globally, logistics costs have fallen from about 20 percent of GDP in the early 1980s to less than 10 percent. However, delays and unpredictability greatly outweigh direct transportation costs (Arvis, 2010). Delays are mostly related to the performance of road, rail and port – not border crossings, the price of fuel, service pricing, etc. The lack of intermodal-connectivity and variable transit times does more than cause delays and raise costs. They also hamper the ability of firms to compete. Longer delays in transit mean having to hold higher inventories (e.g., to avoid shortages of inputs) – bearing the higher risk associated with warehousing and tying up capital for longer periods of time."[16]

Unfortunately, much of the United States' transportation infrastructure—especially that which supports interstate commerce and international trade—is becoming less competitive with the rest of the world, and our closest competitors.

> "An examination of the data for the US and our nearest competitor, Canada, emphasizes the inefficiencies in our land transportation. A Canadian exporter typically moves their goods for export 766 kilometers, versus a substantially shorter distance for US exporters of only 484 kilometers. The difference in total cost is about 10 percent ($1,249 per container in the US versus $1,123 in Canada). The big difference is that US producers need more than 2 extra days to cover nearly half the distance. When exporting through ports and airports, US producers are able to cover 50 percent more distance in about the same amount of time as Canadian firms, but at a cost that is almost 60 percent higher (even with similar security measures in place). These inefficiencies put a burden on US companies that their global competitors do not face."[17]

There are several examples of ways in which transportation infrastructure and related regulations or policies are undermining trade, investment and tourism.

Waterways are critical to keeping our domestic supply chain competitive. There is a $14-per-ton cost savings for shipping on the inland waterways; this translates to farmer, shipper, and consumer cost savings, and reduced congestion on the roads and rails.[18] However, while the private sector constantly updates its operations, our 21st century economy relies on a 1930s technology for locks and dams. Fifty-seven percent of the 238 locks on the inland waterways system are over 50 years of age, well beyond their design life, with 34 locks older than 80 years.[19] In 2007, the U.S. Army Corps of Engineers reported that locks were unavailable for 157,000 hours due to either scheduled or unscheduled maintenance or mechanical breakdown. This translated to 6,500 days of downtime for the system.[20] As the ASCE report "Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine

---

[16] http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf

[17] http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI_Update_Economics_White_Paper_110712.pdf

[18] http://www.waterwaysusers.us/IMTS_Final_Report_13_April_2010_Rev_1.pdf

[19] http://www.nationalwaterwaysfoundation.org/study/BeneficiariesofNavigableWaterways14Jan11Ver.pdf

[20] http://epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=ba5e92e1-6596-4506-b41b-7b037b406647

Ports" clearly identifies, costs attributable to delays on the inland system were $33 billion in 2010 and will increase to $49 billion by 2020. America becomes less competitive in the global marketplace with these consequential delays.[21]

We know what one of the main problems in the United States is traffic congestion. Congestion is at an all-time high and will only get worse, according to the Texas Transportation Institute's 2012 Urban Mobility Report.[22] The study revealed that Americans spent 5.5 billion additional hours sitting in traffic in 2011. Three hundred twenty-eight (328) corridors, while accounting for only six percent of the nation's total freeway lane-miles and 10 percent of the traffic, account for 36 percent of the country's urban freeway congestion. In 2010, congestion (based on wasted time and fuel) cost about $115 billion in the 439 urban areas, compared to $113 billion (in constant dollars) in 2006. Most drivers "allow a little extra time" when driving during rush hour, especially for important trips like getting to the airport or picking up kids after school, but the message of the Texas Transportation Institute's congestion report released last week was clear: give yourself more time to get places. For the first time, the TTI study calculated just how much "extra time" you might need to build in to your plans. In Washington, DC, a 20 minute trip takes almost two hours in heavy traffic. That is a huge difference when trying to make a flight or being on time to pick up the kids at school. Translate concept from your personal life to businesses that use the transportation system every day and then start doing the math: UPS carries six percent of US GDP within its system every day. If each UPS delivery driver is delayed 5 minutes per day, it costs UPS $105 million a year. What if each UPS delivery driver is delayed two hours on a 20 minute trip just once a year?

Aviation is the only mode of transportation that can both quickly and efficiently move people and goods around the United States and the world. A strong federal role is essential for safety, oversight and air traffic efficiency. However, the United States risks falling behind Asia, the Middle-East, and Europe as being the global aviation leader, a role we have held since the Wright Brothers' first flight. Necessary maintenance and modernization investments must be made to renew and upgrade aging aviation infrastructure and to put in place a state-of-the-art air traffic control system, known as NextGen. The U.S. aviation industry is the physical internet, connecting small communities, people and commerce to the global economy. In 2011, record-high U.S. air-travel exports ($36.7B) drove largest air-travel trade surplus ($5.6B) since 1992. Aviation is also important to the freight supply chain. Dayton International Airport in Dayton, Ohio, is playing a key role in economic development. Dayton International Airport is strategically located less than one mile from a CSX freight rail line and the intersection of I-70 and I-75. With rail freight, air freight and truck freight convening at single geographic location, the Dayton area has a unique multi-modal logistics asset. Through continued partnership with the FAA, the Dayton Airport and the economic development community can strategically attract businesses to this area related to interstate commerce and international trade.

The Energy Economy and Transportation

Developing more American energy, which can help address the nation's fiscal problems and also create millions of jobs while making the country more secure.

---

[21] http://www.asce.org/Infrastructure/Failure-to-Act/Airports,-Inland-Waterways,-and-Marine-Ports/
[22] https://tti.tamu.edu/, and http://s3.documentcloud.org/documents/566377/2012-urban-mobility-report.pdf

The United States has more oil, gas, and coal than any other country and is are now the largest single natural gas producer in the world. We are now in a position to export liquefied natural gas and coal, and thus reducing our trade deficit and bringing billions of dollars into the United States. The abundance of affordable natural gas is attracting good manufacturing jobs back to America, particularly in the chemical and steel industries.

All of this adds up to a lot of jobs, growth, improved national security, and more revenues for government.

According to the American Petroleum Institute, oil and gas companies already account for 9.2 million American jobs and pump more than $500 billion into our economy.[23] Over the next 20 years, energy can create millions of additional jobs, spread all across this country. In the last few years, shale activity alone has created 1.75 million jobs. Between now and 2035, we can double shale's economic impact, double the number of jobs, and generate a cumulative $2.5 trillion in government revenues.[24] We should continue with the next generation of nuclear power plants. And we should waste no time in pursuing research to develop alternative energy sources, such as wind, solar, and geothermal.

To achieve these great benefits, the United States needs to safely open up new land to exploration. We have foolishly locked away too much of our resources on land and off our coasts.

By fully embracing America's energy opportunity, we can accelerate growth, create millions of new jobs, free ourselves from some less-than-stable global suppliers, and create huge new revenues for government—which will help reduce budget deficits.

Growth through energy production requires an efficient transportation system to move product. However, the regulatory environment has the potential to stop or substantially slow infrastructure improvements and expansion. Although the 112th Congress took bold steps in MAP-21 to speed up project delivery, there is more to be done. Opponents of energy production and expanded trade are trying to block transportation infrastructure advancements that are needed to promote trade and economic growth.

The Chamber has spent the past three years studying the paralyzing effect that excessive environmental reviews have had on major infrastructure and energy projects, including port dredging, road building, and construction of power plants. Thousands of projects are delayed or killed outright each year because of endless environmental reviews and the legal challenges that accompany them. The Chamber's 2010 study *Project No Project* demonstrates that for energy projects alone, some 351 projects were stopped or significantly delayed by these reviews, at a cost of 1.9 million jobs each year that otherwise could have been made available to people who desperately needed them.[25]

---

[23] http://www.api.org/policy-and-issues/policy-items/american-energy/~/media/Files/Policy/American-Energy/American-Made-Energy_HiRes.ashx
[24] http://www.ihs.com/info/ecc/a/americas-new-energy-future.aspx
[25] http://www.projectnoproject.com/

In the case of energy, approximately 56% of all crude petroleum, 15% of all coal, and 24% of other fuel oils are transported over the nation's inland waterways. In 2010, more than 76% of America's international exports reach global markets though marine ports. Effectively, all of America's exports in commodities such as coal, fuel oils, gasoline, and crude petroleum are shipped by water. Including these fuels, plus agriculture, basic chemicals and nonmetallic minerals, maritime is the primary mode of export for 25 of America's export commodities.[26]

And yet, last year the Environmental Protection Agency (EPA) asked the U.S. Army Corps of Engineers (Army Corps) to evaluate impacts outside of the United States for the energy exports that will go through the Gateway Pacific Terminal Project[27] in Washington state at marine terminal as part of the environmental impact statement (EIS). The Gateway Pacific Terminal Project is a proposed deepwater marine port terminal connected to BNSF Railway's northern rail corridor that would give resource producers across the upper Midwest a new, more efficient and cost-effective way to get their goods to Asian markets. This was on the heels of the EPA request to the Army Corps to prepare a cumulative impacts analysis of all coal export terminals at the Port of Morrow[28] in Oregon earlier in 2012.

A programmatic EIS of the kind requested would include a far-reaching analysis of coal exports from the Pacific Northwest to other parts of the world, and the attendant impacts on the United States of generating electricity abroad with that coal. There is no precedent for conducting a programmatic EIS with such a vast scope, and there is certainly no compelling reason to set such a precedent. A programmatic EIS is unnecessary because the major elements of the project are already operating and have previously been scrutinized (mining operations and rail transport to Washington). Courts have already determined that evaluating the foreign use of products sold by the United States to other countries a programmatic EIS is also inconsistent with the requirements of NEPA.

The Gateway Pacific Terminal and the Port of Morrow projects are multi-modal and intermodal. It is important that the freight railroads, which are privately owned and operated—not government entities—have regulatory and operating environments that will allow them to continue investing in their own infrastructure and intermodal connections and operating their systems efficiently. As you consider rail safety and passenger rail legislation this Congress, I urge you to keep in mind that the decisions you make can either help support expanding our economy, or can impede that expansion.

Recommendations

To address some of the issues raised in this testimony, the Chamber respectfully urges the Committee to consider the following recommendations as it undertakes its oversight, reform and investment agenda.

---

[26] http://www.asce.org/uploadedFiles/Infrastructure/Failure_to_Act/ASCE%20Failure%20to%20Act%20Ports%20Report%20FINAL.pdf

[27] http://gatewaypacificterminal.com/

[28] http://www.coaltrainfacts.org/epa-letter-to-the-us-corps-port-of-morrow

MAP-21 Freight Planning

Canada took bold steps to create a seamless, trade-related transportation system that serves global supply chains and position Canada it as the trade superhighway into and out of North America with Transport Canada's Gateways and Corridors programs.[29] Yet the United States lacks a national freight strategic plan.

This committee must press states and the U.S. Department of Transportation (USDOT) to fully embrace the reforms included in MAP-21, including the freight planning provisions. The Chamber is ready and willing to work with USDOT and the states to make freight planning successful. The freight plans must be multi-modal, reflect an understanding of business and economic trends, anticipate needs, and contain strategies that are informed by the businesses that and use transportation systems every day. Freight planning cannot be theoretical or idealistic; it must grounded in facts and reality. There are thousands of chambers of commerce and individual businesses around this country that are willing to inform freight plans and the resulting policies, programs and investments that support economic growth. To its credit, USDOT reached out to freight stakeholders at the beginning of this process; we look forward to continued engagement with the agency.

Reform & Investment: Water Resources

This committee must pass a WRDA bill with strong reforms that protects America's competitive advantage in marine navigation. George Washington, returning in the fall of 1783 from a tour of the Mohawk Valley, wrote to a friend concerning the Nation's natural waterways: "Prompted by these actual observations, I could not help taking a more extensive view of the vast inland navigation of these United States and importance of it, and with the goodness of that Providence, which has dealt is favors to us with so profuse a hand. Would to God we had the wisdom enough to improve them."

We should heed the words of that founding father and address the several navigation challenges: maintaining and repairing existing structures, dredging to needed depths such as those required to accommodate ships coming through the Panama Canal as soon as 2014, and constructing new, modern, expanded lock chambers to accommodate a 21st century transportation fleet. This is absolutely essential given the importance of exports to U.S. jobs and economic growth.

The next WRDA bill must reform the Olmstead project and improve Army Corps project management and oversight. The greatest threats to the performance of the nation's inland waterway system are delays caused by insufficient operation and maintenance of the facilities. By 2020, traffic on inland waterways is expected to increase by 51 million tons of freight from 2012, an overall 11% increase. If investment needs for the nation's seaports and waterways are met over the next seven years, it will protect 738,000 jobs in 2020, and $697 billion in GDP.[30]

---

[29] http://www.tc.gc.ca/eng/innovation-gateways-and-corridors.htm

[30] http://www.asce.org/uploadedFiles/Infrastructure/Failure_to_Act/ASCE%20Failure%20to%20Act%20Ports%20Report%20FINAL.pdf

Barge operators currently pay 50% of the cost of all capital projects and would agree to pay more than the current 20 cents per gallon user fee if they could be assured that dollars would not be wasted on massive cost overruns such as are being experienced at the Olmsted project. Construction of the dam at Olmsted has been ongoing since 2004. The Olmsted lock and dam project was first authorized in 1988 in the amount of $775 million: the Administration requested Congress increase the authorized cost to nearly $3 billion for FY2013, which Congress rejected.[31] Olmsted is monopolizing funding from the Inland Waterways Trust Fund, delaying work on other important projects that serve the energy, mining, agriculture, and chemical industries.

Project management is major issue, but it is compounded by the way Congress dribs and drabs out money. A General Accountability Office (GAO) report noted that, "Congress directs funds for many individual projects in increments over the course of several years. For example, a construction project to reduce flood damage in the Greenbrier River Basin of West Virginia has an estimated total cost of $158 million. The conference reports directed $1.5 million to this project in fiscal year 2009 and $1.4 million in fiscal year 2010."32 This approach does not use taxpayer dollars efficiently: it seems obvious that there must be changes in how this process works. Otherwise, project timelines will be drug out for years, increasing costs and delaying benefits, and when used on the navigation system, makes that low-cost mode of transportation unreliable giving our competitors in these low margin products a real edge.

FAA NextGen Policies and Procedures & Industry Regulations

The Chamber was pleased with the 2012 FAA reauthorization law's attention to expediting the transition to NextGen to add air traffic management system capacity. We applauded provisions allowing public-private partnerships to accelerate the equipage of aircraft for NextGen, which will create up to 32,000 jobs and $23.5 billion in economic growth over its five-year ramp-up period.[33]

However, NextGen also requires updating FAA policies and procedures that enable the aviation industry to benefit from investments already made. Such policies and procedures will enable the system to move air traffic more efficiently, improve on-time performance, reduce delays and improve the aviation sector's environmental footprint. Because the United States does not have a modernized air traffic control management system, delays cost customers, airlines and the economy $31 billion annually.[34] Only inclusive of policies and procedures to accompany investment can NextGen support demand in business, passenger, and cargo traffic, and a globally competitive U.S. aviation industry.

While there is a need for a strong federal role in modernizing aviation infrastructure, the government must ensure it is not hindering growth through unnecessary regulation and policies that thwart operational freedom across the aviation industry. A prime example concerns

---

[31] http://thomas.loc.gov/cgi-bin/cpquery/?&sid=cp112w7Wus&r_n=hr462.112&dbname=cp112&&sel=TOC_51268&
[32] http://www.gao.gov/products/GAO-10-819
[33] http://www.freeenterprise.com/infrastructure/future-flightchanges-and-challenges-21st-century-us-aviation
[34] http://www.airlines.org/Pages/Annual-U.S.-Impact-of-Flight-Delays.aspx

thousands of small to medium sized businesses that service the aviation industry: the failure by the Transportation Security Administration (TSA) to issue security rules for repair stations (i.e., companies licensed/certificated by the FAA to work on air carrier aircraft) and the resulting prohibition on FAA issuing new foreign repair station certificates. The ban hurts U.S. industry because U.S.-based aerospace companies are prevented from tapping into rapidly expanding overseas markets, stifling job creation and growth for an industry that contributes $39 billion per year of total U.S. economic impact and employs 274,634 U.S. workers.[35] Put simply, the ban is hindering the competitiveness of the U.S. aerospace industry. TSA either needs to get the rules out (so the ban expires) or Congress needs to affirmatively lift the ban so that the industry is no longer punished for bureaucratic inaction.

The Fiscal House: The Federal Budget + Transportation Funding & Financing

Tax and entitlement reform is an essential item on the Chamber's American Jobs and Growth Agenda, because if we fail to address the threat of our exploding national debt driven by runaway deficit spending, changing demographics, and unsustainable entitlements, mandatory spending will soon consume every dollar the federal government collects, leaving nothing for education, national defense, or other essential programs–including infrastructure.

As the Congress and the Obama Administration tackle getting America's fiscal house in order, there will be present opportunities to address revenue sources for transportation, particular ensuring that the need for drastic cuts or additional general fund bailouts for the Highway Trust Fund at the expiration of MAP-21 can be avoided, and that the current sources of user-based revenues for the Highway Trust Fund produce sustainable, predictable and growing cash flows until a new revenue structure can be identified and implemented.

We all know two years from now it will be déjà vu all over again—a Highway Trust Fund on the verge of bankruptcy, even better gas mileage further driving down receipts, a very tough budget environment, and lingering perceptions that transportation funding is pork barrel spending.

Instead of experiencing Groundhog Day again in two years, why not seize the initiative now to set a new path … a path that will ensure adequate funding for years to come and that money is spent wisely and on projects of the greatest national benefit? The federal government should not pass the buck to states and locals, nor should wait for money to grow on trees, or wish and hope that things will get better. There is no path to a 21st century infrastructure for a 21st century economy without increasing both public and private investment in transportation infrastructure.

The federal government does and should share responsibility for investments in the nation's highways and public transportation systems, inland waterways, air traffic control, and ports. We are not talking about stimulus…we are talking about maintaining the billions of dollars in investments made over generations and making strategic, prioritized choices to grow the economy in a fundamental, ongoing way.

The federal government needs to provide stable, certain funding over a multi-year period. That is hard to do, especially for the investments that are supported by general funds—air traffic

[35] http://arsa.org/news-media/economic-data/

control, water resources, and a portion of surface transportation, when the country's fiscal house is not in order.

For example, aviation requires a robust general fund contribution, which supports the nation's air traffic control system. This committee has a long history of championing this investment, and the Chamber appreciates its support. The entire aviation industry agrees on this issue. Investing in aviation, through the general fund, contributes direct return in the form of jobs and economic growth. It enables the United States to be globally competitive, allowing products, services and people to travel internationally. It is a national network that serves not only commercial, business and general aviation, but also many other national interests.

This is not to say that responsibility for investing in infrastructure falls solely on the federal government—or any government—or that there are not effective ways to leverage limited federal resources.

There should be strong incentives for investment of private sector resources and leveraging of public dollars to the greatest extent possible. Barriers to private investment including regulations and administrative processes that make project delivery take far too long should be removed or reformed. Every state should have laws that not only allow, but welcome, private investment.

The TIFIA (Transportation Infrastructure Finance and Innovation Act) program needs to scale up to make faster decisions in order to provide resources to any creditworthy project. It is one of the best deals around: each dollar of federal funds can support up to $10 in TIFIA credit assistance and leverage $30 in transportation infrastructure investment.

Now, all of that said...public-private partnerships and lower-cost federal credit programs are not substitutes for direct federal investment: they are financing and project delivery tools. Although there are many potential tools to provide financing assistance, these tools require cash flows. P3s are not substitutes for fixing the revenue problem facing the Highway Trust Fund, restoring faith in the Harbor Maintenance Trust Fund by using the dollars in the HMTF for their intended purposes, or providing robust general fund contributions to aviation, water resources, or public transportation. They do not provide easy answers to tough issues.

But how much is needed?

The needs have been studied to death and quantified by many organizations including the U.S. Chamber, and the short answer is, "a lot more than is being invested at all levels of government or by the private sector."

Much of America's transportation infrastructure—roads and rails, airports and seaports, inland waterways and airways—the proud legacy of generations past, needs repair, replacement, expansion and modernization. To head off this future and have a transportation system that supports a 21st century economy, the United States needs a high level of investment targeted at improving performance across all modes and across the country: we cannot just fix a few bottlenecks or address the problems in one city or state.

Closing the gap between needs and resources is going to require leadership and political courage.

And when you think, "we can't afford to do this," recall:

- The economic costs of congestion on the ground, in the air, and at our ports.
- The number of lives needlessly lost to poor roadway conditions.
- The negative impact an aging transportation infrastructure system has on our ability to compete globally.
- The lost opportunity to employ hundreds of thousands of people in construction and related industries by modernizing our highways, transit systems, airports, seaports, waterways, and rails.
- The increased costs and decreased efficiency for American businesses.
- The hundreds of billions of dollars annually in wasted fuel, lost productivity, avoidable public health costs, and delayed shipments of manufacturing inputs, consumer goods and other items critical to the underlying growth of our businesses.

These things might not "score" at CBO or OMB, but the costs are real.

Without smart investment the U.S. infrastructure American businesses will to lose ground to major international competitors. Recognizing the benefits of well-developed infrastructure, both less-developed and emerging market competitor countries are preparing their transportation systems to move away from producing low-wage goods to producing the types of products that require the specialization of labor that transportation infrastructure makes possible.[36]

While the United States has maintained its position at the top of the overall World Competitiveness Yearbook rankings[37], the U.S. sub-ranking for Basic Infrastructure has degraded since 2005. The World Economic Forum also performs an annual infrastructure ranking in the Global Competitiveness Report.[38] The result is similar: U.S. transportation infrastructure is falling behind.

This nation is faced with difficult fiscal circumstances. However, without proper investment and attention to our infrastructure, the United States' economic stability, potential for job growth, global competitiveness and quality of life are all at risk. Delaying investment will not make transportation problems go away. Instead, conditions and performance will get worse. Materials, labor, and land will get more expensive and our businesses will be less competitive. Opportunities to save lives will be missed. Americans are already paying dearly for inferior transportation, through lost productivity, wasted fuel, and tragically, more crashes.

But, it bears repeating, "How much?" isn't the only—or even most—important question, although it is a vexing issue and necessary problem to solve. We must do a better job planning and prioritizing. We must do a better job delivering projects faster. We must do a better job taking every opportunity to tap every possible source of capital so projects that simply cannot be

---

[36] http://forum.uschamber.com/sites/default/files/2010_Enterprising-States.pdf
[37] http://www.imd.org/research/publications/wcy/index.cfm
[38] http://www.weforum.org/issues/global-competitiveness

financed can be funded using the limited pay-as-you-go dollars available (*e.g.* resources not requiring repayment such as formula apportionments or grants).

What the Chamber is Willing to Do

The private sector can help in four significant ways.

First, we're willing to pay to support public infrastructure. This includes paying more in user fees to shore up the Highway Trust Fund and ensure adequate investment. This is not a new position. The Chamber has been saying this to Congress every chance we can for years. We all know the dire condition of our highway and transit systems. It's going to make money to fix it – it's that plain and simple. The money is running out, so we need to phase in a moderate increase in the gas tax over a number of years and index it to inflation. Shippers and truckers are all on board to pay a little more as long as the money goes to where it's needed.

Second, we're prepared to invest private capital. When it comes to private investment in public infrastructure, we are prepared to pump as much as $250 billion in private capital into public-private partnerships. More states must allow, by law, public-private partnerships. Governors and legislatures need to reduce the political and financial risk of private participation in these projects so investors know projects will be approved in a timely manner and will have a good possibility of a decent return.

But remember that not all transportation infrastructure is "public." America's freight railroads operate almost exclusively over infrastructure that they build and maintain with their own private funds. And they are investing in their infrastructure. From 1980 to today freight railroads invested $500 billion—more than 40 cents out of every rail revenue dollar—in corridors, rail terminals, intermodal facilities, to maintain and improve their rail network infrastructure and equipment and anticipate economic growth.[39] The freight railroad industry requires a balanced, common-sense regulatory system so it will continue making record investments using private capital.

Third, we can provide our expertise and innovations to make infrastructure work better for travelers, businesses, shippers and carriers. It's not all about the money. We must make the transportation infrastructure that exists today work most efficiently, in the most cost-effective way.

For example, according to Jim Bak, a spokesman for Inrix, who partnered on the Texas Transportation Institute congestion study: "There technology and the tools are there" to fix traffic congestion.[40] Options include GPS systems that provide real-time traffic information and electronic tolling lanes such as the I-495 HOT Lanes project.

And fourth, we're putting in the sweat equity to build the case for a world-class infrastructure system that will put Americans back to work, spur our economy, enhance our global competitiveness, reduce congestion and improve mobility and safety, and prove that American

[39] http://freightrailworks.org/
[40] http://money.cnn.com/2013/02/05/news/economy/traffic-jams/

can still get big things done. We're lobbying, we're educating, and we're building support. We're launching a new project, the *Prospectus for Investing in America's Infrastructure,* to engage the larger business community in the effort to articulate what the future of infrastructure needs to look like so that we can expand coalition of supporters and build the political will to reform, reinvent and reinvest in infrastructure.

Conclusion

When it comes to transportation, the federal government must take a leading role in ensuring the transportation system contributes to a strong economy rather than inhibiting economic growth. Our national transportation system is critical for long-term economic prosperity, supports Americans' high standards of living that have driven economic expansion, and is the backbone of our business supply chain. Lasting jobs grow where infrastructure works.

The management and planning of the nation's transportation system is decentralized, and often localized, and is both public and private. The federal role is to make sure that this system functions well as a whole to support growth, competitiveness and a high quality of life. The federal role is also to look ahead and prepare for the future: the Chamber's business members large and small engage in long-term planning that relies on assumptions about the physical platform of our economy.

America needs big solutions so it's time to put the smallness of politics aside. The Chamber calls upon all of America's leaders in and out of government to put country first. Transportation is a great opportunity to prove that Democrats and Republicans can work together, that states and the federal government can each play an appropriate role, that business is stepping up to help meet a major national challenge, and that all parties can come together to actually get something done for the good of the nation. We're ready to do it!

Laborers' International Union of North America

LiUNA!

Feel the Power

TESTIMONY OF TERENCE M. O'SULLIVAN
GENERAL PRESIDENT
LABORERS' INTERNATIONAL UNION OF NORTH AMERICA
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE,
U.S. HOUSE OF REPRESENTATIVES
FEBRUARY 13, 2013

On behalf of the Laborer's International Union of North America (LIUNA), the men and women who dedicate their lives to building America, I want to express our gratitude for the opportunity to be heard here today.

Chairman Shuster, it is an honor to be at this first hearing under your leadership and the Laborers respect your willingness to take on what will be a tremendous challenge. We are confident that your commitment to our nation and your family's legacy of contributing to safeguarding our fundamental infrastructure will serve you well.

By way of introduction, LIUNA is an organization of half a million workers in four hundred Local Unions across the United States who to go to work every day building America. We are proud to be at the forefront of the fight to highlight our nation's infrastructure needs and to represent the men and women in the trenches who can do something about it.

Our commitment includes a long standing partnership with the U.S. Chamber of Commerce through the Americans for Transportation Mobility. It includes supporting the work of Building America's Future and other allies. It includes being as vocal as we can on this issue and we are eager for it to include working with your committee as we have done historically.

LIUNA members build our highways and mass transit systems, our bridges, our dams and our airport runways. We maintain sewer systems, dig tunnels, build pipelines and erect wind and

solar farms. But we don't only build; like all working people, we rely on the basic infrastructure of America every day.

Infrastructure is the foundation of our great nation. It was created with a strong federal role and it must be maintained and modernized with a strong federal role. Without a robust federal investment in our infrastructure networks, there isn't enough private money alone to get the job done.

Taking care of America's infrastructure is a core function and responsibility of the federal government with its origins in the Constitution and I congratulate and commend this committee for addressing these issues at its first hearing. It's a responsibility we must live up to.

We are facing dire needs and it is time to stop passing the buck and get serious about America's critical infrastructure. As I speak to you, our roads, bridges and highways and public transit systems are suffering from such a chronic under investment that the American Society of Civil Engineers (ASCE) predicts we will lose $1 trillion dollars in business sales, $324 billion in exports and $1.2 trillion in personal disposable income which will result in the loss of one million jobs annually by 2020, if the problem is not addressed.

In 2012, after years of debate, Congress finally passed a surface transportation bill which invested $105 billion in our nation's surface transportation system. It's a good first step but in reality it's a patch and only a drop in the bucket compared to our actual needs.

The statistics can seem overwhelming, numbing and are certainly beyond the capacity of cities or counties or even states to address: A quarter of our bridges are deficient or obsolete. Seven billion gallons of clean drinking water are lost to leaking pipes annually. 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% are functionally obsolete and by 2020 that number will increase to 80%.

This is America. We can't let this happen, especially when so many men and women are in need of exactly this kind of work. Our country needs a comprehensive plan to tackle this crisis, a new

way to think about and invest in the basics of America on the scale of the Marshall Plan which rebuilt Europe after World War II.

It was that kind of inspiration, dedication and visionary leadership that freed us to become the first country to land on the moon, to win the cold war and to become a beacon of hope and promise around the globe.

That means that we must choose to make building America a priority and commit the necessary resources - a task which is easier said than done. However, that is what it will take to get the job done and it would be irresponsible not to do it. The nation's needs present a challenge, but if we accept, it we can build America and build our economy at the same time.

As I speak to you, the construction industry has suffered the most sustained downturn in 40 years with two million fewer jobs in the industry than at the peak in April of 2006 and with the unemployment rate at 16.1% - the result is real suffering.

The solution is staring us in the face. Adequate investment in surface transportation could create eight million jobs over four years according to the American Association of State Highway and Transportation officials. Needed investment in water resource systems and our nation's domestic engineering production could also create millions of jobs. Not just good construction jobs, jobs throughout the economy across all sectors.

Construction jobs are good jobs. They provide family supporting pay that benefits the working middle class who have been among the hardest hit by the recession. Americans are struggling with job loss, with foreclosures, with devastated retirement savings and with the very ability to simply make ends meet. And the work these men and women could be doing is critical to our country, making us more competitive in the global economy.

Emerging nations such as India and China are investing four-times the share of their nation's GDP's in infrastructure as we are. It is not an overstatement to say that this will test the greatness

of America. The American workers who are proud to say they build for a living have a self-interest at stake but their stake does not end with self interest.

Investing now protects taxpayers, because for every year of inaction and delay the cost increases $150 billion more due to further deterioration, according to the ASCE. It will take a lot of effort to figure this out and make it happen, but it is a no brainer to get started now.

We can help rescue our economy, rescue working America and leave behind real assets that will benefit taxpayers and our entire nation for generations to come. This isn't a Republican issue or a Democratic issue. There isn't a single American who doesn't benefit from and doesn't want good roads and safe bridges, clean drinking water and efficient airports, waterways, abundant energy and good jobs.

Thank you for the opportunity to offer this testimony. We are eager and excited to work with you in the future. Together we can build America so America works.

#

Testimony of Kurt J. Nagle
President and CEO
American Association of Port Authorities

Before the
U.S. House Committee on Transportation and Infrastructure

Hearing on
"The Federal Role in America's Infrastructure"
February 13, 2013

Thank you for the opportunity to submit this written testimony for the record. Founded in 1912, the American Association of Port Authorities is an alliance of the leading public ports in the Western Hemisphere. Our testimony today reflects the views of our U.S. members.

Beginning with the founding of Jamestown colony, seaports have served as a vital economic lifeline for America by bringing goods and services to people, creating economic activity, and enhancing our overall quality of life.

Since the founding of our nation, there has been a clear and consistent federal role and an overriding national interest in developing and maintaining landside and waterside connections to America's seaports. Pursuant to the U.S. Constitution, Congress, by statute, has reserved jurisdiction over navigable waters for the federal government. The General Survey Act of 1824 granted the Army Corps of Engineers the authority to construct and maintain navigation projects on behalf of the United States. In 1826, Congress passed the first Rivers and Harbors Act and provided funds to the Corps to create specific navigation projects. It is particularly crucial that in these challenging times the federal government continues core federal missions, such as

transportation infrastructure investment, that directly impact America's economic vitality and national security.

More than a quarter of the U.S. Gross Domestic Product is accounted for by international trade. Freight movement through America's seaports supports the employment of 13.3 million American workers, and seaport-related jobs account for $649 billion in annual personal income. For every $1 billion in exports shipped through seaports, 15,000 jobs are created.

In a recent member survey, AAPA found that public ports and their private sector marine terminal partners plan to invest more than $46 billion through 2016 in capital improvement projects to meet growing demand.

To accommodate increasing trade volumes, there must be adequate, safe, and congestion-free access to our ports from both the land and water-sides. Under-investing in these connections with ports will drastically impact our country's ability to compete internationally and meet U.S. demands.

Unfortunately, in recent years the federal government has prioritized neither maintaining nor enhancing port-related infrastructure projects. On January 15, the American Society of Civil Engineers (ASCE) released a report on the impacts of under-investing in America's infrastructure. The marine ports and inland waterways section shows that an additional $15.8 billion investment per year through 2020 (just one-tenth of the report's cumulative total) will protect nearly $700 billion in U.S. GDP, $270 billion in U.S. exports, 738,000 jobs, and $770 per year in household costs. Overall, ASCE projects America could see as much as a $4 trillion loss to its GDP by 2040 if we ignore U.S. transportation infrastructure needs.

The report notes that land and water connections that affect the ports' ability to move cargo into and out of the country are often insufficient and outdated. The resulting congestion and delays cause the goods we import to become more expensive, and the goods we export overseas to be less competitive in world markets. Because international trade is central to our economic well-being and seaports connect us with the rest of the world, keeping them modern, navigable, secure, and properly supported are core priorities for AAPA – and they must be for the nation as well.

The volume of trade through America's seaports creates a prominent target for terrorist and other attacks. The ports are international borders that the federal government has a constitutional responsibility to secure. The potential vulnerabilities of seaports are many and growing; given the overwhelming number of ships and containers that pass through seaports every day the federal government has a clear interest in their protection, and has created programs in the past to attempt to address this need.

Today, as we confront a host of international challenges, from sputtering economic growth to national security concerns, we must realize that the continuing vitality of our seaports is of critical importance.

The ports, however, cannot work alone to maintain and improve this infrastructure. They rely on partnerships with the private sector and the federal government.

In efforts to streamline government and reduce the deficit, it is vital to recognize that not every federal dollar spent is the same. Federal investments in seaport related infrastructure that connects American industry to international markets is an essential, effective utilization of limited federal resources. They pay enormous dividends through increased international competitiveness, long-term job creation, economic prosperity, and over $200 billion in federal, state, and local tax revenues.

At AAPA, we're hopeful that the federal government's current efforts at implementing provisions of 2012's MAP-21 transportation bill will result in the creation of a coherent and effective national freight policy and strategy. Such a national strategy and the necessary federal investment to support it will ensure that American-made products are more competitive around the globe, American manufacturers and consumers pay lower prices for the goods that they need, and American jobs are sustained and created here at home.

Passage of the Water Resources Development Act, which Chairman Shuster has made his top legislative priority, is critical to maintaining and expanding water navigation channels. It provides opportunities to modernize U.S. ports and streamline the Corps of Engineers navigation program to meet the needs of today and the future in a more timely and efficient manner.

It is heartening that Chairman Shuster, Ranking Member Rahall, and other members of the Committee have brought these issues front and center in the 113th Congress. It is critical that Congress recognize the need for federal investments in transportation infrastructure.

Thank you again for the opportunity to include this testimony as part of this hearing's written record.

The Federal Role in America's Infrastructure

Statement of

Elizabeth Treadway, PWLF
President
American Public Works Association

To the
House Committee on Transportation and Infrastructure

February 13, 2013

Chairman Shuster, Ranking Member Rahall and members of the Committee, thank you for the opportunity to submit testimony for this hearing on the federal role in America's infrastructure. I am Elizabeth Treadway, President of the American Public Works Association (APWA). I submit this testimony on behalf of our 29,000 members.

APWA is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, APWA members plan, design, build, operate and maintain our transportation, water supply, stormwater, wastewater treatment, waste and refuse disposal systems, public buildings and grounds and other structures and facilities essential to our economy and quality of life nationwide. In addition, public works officials are first responders, responsible for all-hazards preparation, response and recovery.

Our nation depends on efficient, resilient, well-maintained infrastructure to sustain and create jobs, provide mobility, strengthen our economic competitiveness and protect public health and safety. But that infrastructure is aging, underfunded, deteriorating. It is also increasingly vulnerable to catastrophic disasters, as evidenced recently by Hurricane Sandy in the mid-Atlantic and northeast. Our nation cannot remain economically competitive if our transportation systems are inadequate, our bridges are crumbling and our water systems are leaking and in need of repair or replacement.

The needs are clear and documented. Nearly one in four bridges is rated deficient. The latest Texas A&M Transportation Institute study finds that congestion cost the U.S. $121 billion in 2011, more than $800 per commuter. US Department of Transportation (USDOT) data show that the nation (all levels of government) invests roughly half of what is needed to improve the current state of our roads and bridges. The Congressional Budget Office reports that the Highway Trust Fund, the source of revenues for roads, bridges and public transportation, is generating insufficient revenues and is unable to sustain investment levels and beginning in 2015 meet all its obligations.

Similarly, the state of the nation's water resources infrastructure is dire. Investments made in critical water and wastewater infrastructure through the Drinking Water and Clean Water State Revolving Fund programs have fallen short, the needs far outstrip available funding and local jurisdictions struggle to fund infrastructure capital projects.

According to the Environmental Protection Agency's (EPA) most recent clean water and drinking water needs assessment surveys, local communities will need $300 billion in wastewater and $335 billion in drinking water infrastructure improvements for capital expenditures over the next 20 years.

The Water Infrastructure Network (WIN), a broad-based coalition of local elected officials, drinking water and wastewater service providers, state environmental and health administrators, engineers and environmentalists, and others estimate that the nation's water infrastructure needs are between $500 billion and $600 billion over the next 20 years.

We cannot afford to allow these needs to continue to go unmet. Infrastructure's economic importance to our nation is crucial. Wastewater and drinking water infrastructure protect public health along with important natural resources such as our oceans, rivers and streams vitally important to tourism, travel and recreation. Clean water dependent industries such as agriculture, commercial fishing and recreation generate billions of dollars to the economy each year.

Our millions of miles of interconnected roadways and thousands of public transportation service systems move people and goods worth trillions of dollars annually. The transportation industry alone represents 10 percent of the nation's gross domestic product and supports nine percent of the nation's workforce.

Investment in infrastructure generates jobs. WIN estimates that every $1 billion invested in waster infrastructure capital creates nearly 28,000 jobs. The Federal Highway Administration estimates every $1 billion of federal highway and transit investment generates thousands of jobs.

Indeed, the benefits of infrastructure investment to our economy and our quality of life are significant and substantial.

Transportation

Our nation cannot remain economically competitive with the rest of the world if our transportation system is left inadequate and crumbling. Investment to improve and repair our deteriorating surface transportation network will build the foundation for long-term and sustained economic growth. A continued federal role in funding our national, regional and local transportation systems remains vitally important to job-creation, economic health, safety and welfare of our country.

Every community has a stake in the future of our transportation system. Local governments own about 75 percent of the nearly four million-mile roadway network and nearly 51 percent of the nation's bridges (nearly 300,000 bridges under local control) and manage about 90 percent of the transit systems. With nearly every trip beginning and ending on a local road, street or sidewalk, a strong local-state-federal partnership is key to ensuring a safe, seamless and efficient multimodal transportation system.

Because there is a critical need for increased investment at the national level to build and maintain our nation's transportation network, we cannot wait until 2014 to begin the process of working on a new surface transportation measure to succeed MAP-21.

We must act now. This is why. The gap is growing ever wider between transportation needs and motor fuel tax revenues available to meet them, and a funding and financing crisis is already upon us. MAP-21 provides a short-term, two-year investment in our transportation system. Our nation and our economy, however, need a well-funded, multi-year surface transportation authorization that provides a sustainable funding source for the future, strengthens local decision-making authority, direct resources to local priorities and does more to streamline and accelerate the project delivery process.

We recommend an approach that clearly identifies and dedicates revenue sources to provide reliable funding for the full costs of construction, operation, maintenance, preservation and reconstruction of national and regional multimodal surface transportation systems to effectively move people and goods to serve our economy, in a safe and environmentally sustainable manner.

We support a mix of revenue options to ensure necessary funding sustainability, including: raising the federal motor fuel tax and indexing it; exploring the transition to vehicle-mileage fees; and expanding access to innovative financing tools.

Protecting and preserving existing transportation facilities is an important priority for federal investment. Others are and should remain enhancing safety, improving movement of freight, providing multimodal solutions to address urban congestion and developing and supporting sustainable transportation systems.

Another federal priority needs to be committed leadership and action to reduce the time it takes to complete federal-aid projects. It simply takes too long and costs too much to implement projects using federal dollars. Oversight can be duplicative, inconsistent, inflexible and wasteful. Smaller projects in particular may require a disproportionate share of time and resources to complete them. Aggressive steps need to be taken to remove unnecessary and wasteful barriers to implementing infrastructure projects in a timely, cost-effective and efficient manner, while retaining appropriate protection of our citizens and the environment.

We applaud the provisions in MAP-21 aimed at expediting project delivery and are committed to working with the Congress and federal agencies to implement them and to continue to find new ways to make needed progress to streamline project delivery.

Federal investment and action in accordance with these priorities are central to ensuring a safe, sustainable and efficient transportation system for the future.

Water Infrastructure

Passage of the Clean Water Act (CWA) in 1972 established a strong, collaborative partnership among local, state and federal governments to deal with the nation's water quality pollution. This strong collaborative partnership achieved vast improvements to the health of the nation's waters, led to increased economic development and job creation and protected the public health. In recent years, however, the federal commitment to a strong, collaborative partnership with the states and localities on the front lines of improving the health of America's waters has crumbled, much like the nation's infrastructure.

Moreover, investment in the nation's infrastructure has historically enjoyed broad bipartisan support. Yet, in recent years, this bipartisan approach to addressing the nation's water infrastructure funding needs has waned and local governments have been forced to shoulder more and more of the burden for paying for costly infrastructure repairs and upgrades at time when local economies are still struggling to recover from the

economic downturn of the past few years. Decades of chronic underinvestment in our nation's water infrastructure is jeopardizing public safety, our economic competitiveness and environmental health.

The water and wastewater treatment improvements that began with the passage of the CWA improved public health, the environment and led to economic success nationwide. The passages of the CWA led to the elimination of waterborne pathogens that endangered the public health. Without a significant investment and a strong recommitment to the federal, state and local partnership, the gains of the last 40 years may be lost and the strength of the nation's economy will be compromised.

Recent funding cuts to federal water quality programs have served to undermine state and local community efforts to address local water infrastructure needs. The lack of funding for water and wastewater infrastructure threatens the public health, the environment and the economic wellbeing of the nation. The original construction grants program signaled a strong federal commitment to collaborating with state and local partners to address water quality pollution. Then in response to changing fiscal conditions, this Committee worked in a bipartisan manner to create the Clean Water State Revolving Fund (CWSR) program to address the continued infrastructure funding challenges facing local utilities.

The elimination of the construction grants program, and in recent years decreasing appropriations to the State Revolving Fund programs, have dramatically hindered local governments' ability to keep up with their infrastructure funding needs, just as new and increasingly expensive federal mandates are imposed on utilities. Increased federal investment is needed to address the ever widening infrastructure funding gap and to help local partners meet unfunded mandates, rehabilitate existing infrastructure and continue to provide Americans with safe, reliable water infrastructure systems nationwide.

APWA members take a lead role in the effective management of facilities protecting water quality and are too familiar with the challenges local jurisdictions face keeping up with the demand for clean, safe water. Currently, local governments pay for over 95 percent of the investment in water infrastructure, and the federal share continues to be cut while EPA routinely upgrades water quality standards and imposes additional unfunded mandates on already strained local budgets.

Successfully addressing the challenges facing local governments in meeting their infrastructure funding needs requires a recommitment from the federal government to a strong collaborative partnership with state and local counterparts. Congress should demonstrate a recommitment to the federal, state and local partnership by working in a bipartisan nature to address the current water infrastructure funding crisis by:

- Reauthorizing and fully funding the Clean Water State Revolving Loan Fund (SRF) Program to ensure consistency and give communities the ability to leverage federal dollars and plan capital improvements in order to ensure public health, safety and environmental quality. Special consideration should be given to providing low interest or zero interest loans, principal forgiveness and grant

funding to ensure that small and rural communities can meet their water infrastructure funding needs.

- Considering enacting new funding mechanisms such as innovative financing proposals that will provide additional funding opportunities, like the lifting of state private activity bond caps, the creation of a Water Infrastructure Financing Authority program similar to the TIFIA program administered by USDOT, or the establishment of a Water and Wastewater Trust Fund similar to the Highway Trust Fund, to provide much needed new money to address the current water infrastructure funding gap.

Despite the best efforts of local governments, the nation's water infrastructure funding gap continues to grow while local budgets are faced with numerous competing needs and where ratepayers are struggling to pay for increasingly expensive services or to service municipal bonds that were used to pay for much needed infrastructure improvements.

Failure to address this infrastructure funding crisis has real and significant consequences for the public health, the environment and the economic health of the nation. Federal investment in water infrastructure funding makes economic and environmental sense, but without a strong recommitment by the federal government to a collaborative relationship with its state and federal partners the gains from the past 40 years will be lost and the economic health of this nation will be compromised.

We call on Congress to address the widening infrastructure funding gap by reauthorizing the Drinking Water and Clean Water State Revolving Fund programs and by creating dedicated, long term source of new federal funding to address the widening infrastructure funding gap.

Emergency Management

In an age when natural and manmade threats are constantly changing, a resilient nation is only as strong as its critical infrastructure systems. Infrastructure not only needs to withstand disasters, but also endure daily use. Infrastructure systems function as our communities' lifelines.

The responsibilities of local public works agencies, guardians of many of the nation's critical public infrastructure systems, are key to the daily welfare of communities. Public works officials serve at the forefront when disaster strikes, playing a crucial role in preparation, response and recovery operations for all hazards and emergencies, including events such as blizzards, hurricanes, earthquakes, tornadoes, floods, pandemics or terror attacks. Public Works professionals are often the only first responders qualified and capable of providing services during disaster recovery efforts such as debris or snow removal and operating pumping and drainage systems after a flood.

Increased federal investment in infrastructure will strengthen public works' first responder role in disaster assistance and public works' all hazards approach toward effective mitigation, preparedness, response and recovery activities.

Investing in our nation's critical infrastructure systems, specifically in pre-disaster mitigation projects at the state, local and tribal levels, will reduce loss of life, personal property damage and reliance on funding from actual disaster declarations. Mitigation practices are a daily function for public works, given that maintaining critical infrastructure systems help safeguard communities before disaster strikes.

The Multi-Hazard Mitigation Council published a study in 2005 which found that every $1 the Federal Emergency Management Agency invested in mitigation projects saved society approximately $4. Effective mitigation efforts can not only break the cycle of repeated damage and reconstruction that can paralyze communities but also improve recovery times if a community is damaged.

Conclusion

Our nation's infrastructure is a vital public asset that supports commerce, promotes economic activity, sustains jobs and protects public health, public safety and the environment. But its current state of underfunding and deterioration, the growing unfunded mandates and burdensome, excessive "red tape" threaten our ability to maintain and improve it, jeopardizing what the citizens we serve value and expect most: safe and efficient roads and bridges, clean and safe water, infrastructure better able to withstand disasters. A strong federal recommitment, in partnership with state and local government, to invest in our roads, bridges public transportation, drinking water, wastewater and other vital public infrastructure will mean a better quality of life and a stronger economy.

Chairman Shuster and members of the Committee, thank you for holding this hearing and taking our testimony. We look forward to working with you and offer our assistance, experience and expertise.

Washington Office
101 Constitution Ave., N.W.
Suite 375 East
Washington, D.C. 20001
(202) 789-7850
Fax: (202) 789-7859
Web: http://www.asce.org

Statement of

The American Society of Civil Engineers

On The Federal Role in America's Infrastructure

United States House of Representatives

Committee on Transportation & Infrastructure

February 13, 2013

The American Society of Civil Engineers (ASCE)[1] would like to commend the House Transportation and Infrastructure Committee for holding a hearing today on the federal role in infrastructure. Addressing the needs of the nation's infrastructure has been a key priority for the federal government dating back to the foundation of our country. The Society is pleased to present to the Committee our views why a federal role remains critical in improving and maintaining the nation's infrastructure.

Infrastructure's relationship to public safety, national security, and economic competiveness, makes it clear why a strong infrastructure system has always played a critical role to the federal interest. In fact, infrastructure spending and the federal government have a history that dates to Article 1, Section 8 of the U.S. Constitution that gave Congress the power to "establish post offices and post roads." The country has expanded significantly since that time, and with it the nation has needed to expand its infrastructure in order to maintain a modern economy.

During the 20th Century, the federal government led the way in building our nation's greatest infrastructure systems from the Intercontinental Railroad, to New Deal programs, to the Interstate Highway System, and the Clean Water Act. Since that time, federal leadership and investment have decreased, and the condition of the nation's infrastructure suffered. Unfortunately, according to the Congressional Budget Office, the total of all federal spending for infrastructure has steadily declined over the past 30 years.

Additionally, at this time most infrastructure investment decisions are made without the benefit of a strong national vision. A strong national vision must originate with strong federal leadership and be shared by all levels of government and the private sector. With the state role in infrastructure evolving, it becomes important for the federal government to oversee the broader program in order to create a cohesive system to benefit the entire country. Therefore, without a national vision, or federal leadership, infrastructure will continue to deteriorate and economic growth will be stifled.

An Aging Infrastructure System

The results of years of under investment can be seen in traffic and airport congestion, unsafe bridges, dams and levees, deteriorating roads, and aging drinking water and wastewater infrastructure. ASCE's *2009 Report Card for America's Infrastructure* graded the nation's infrastructure a "D" based on 15 categories and stated that an investment of approximately $2.2 trillion over five years would be needed to maintain the national infrastructure in a state of good repair. This total need number represents capital spending at all levels of government. However,

[1] ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 146,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code. www.asce.org

even with the current and projected investments from federal, state and local governments over that same five year period, the "gap" between the overall need and actual spending will exceed $1 trillion by the end of the five year period. If the nation continues to under invest in infrastructure and ignores this backlog until systems fail, we will incur even greater costs.

As the Committee begins work in the 113th Congress, our nation's infrastructure will require significant attention. Congress has not reauthorized a Clean Water Act since 1987, a Water Resources Development Act (WRDA) since 2007, and the Passenger Rail Investment and Improvement Act will expire in September. The National Dam Safety Program has not been reauthorized since it expired in 2010, and, surface transportation programs while authorized through 2014 still require a sustainable revenue source for the Highway Trust Fund to be viable in the future. Each issue also acts as an example for why the federal government must continue to play a role in funding different facets of our nation's infrastructure.

Infrastructure and the United States Economy

While taken for granted by most Americans, our infrastructure is the foundation on which the national economy depends. As the economy grows, these infrastructure assets must be maintained and improved accordingly. For example, the current transportation system was originally built in the 1950s and 1960s at a time when the country had different transportation needs and a smaller population. While the Interstate Highway System is a shining example of a focused national vision for the nation's infrastructure, an ever expanding population and a growing economy requires these aging infrastructure systems to keep pace.

Since 2011, in an effort to see how significant investments are to the nation's infrastructure, ASCE released a series of economic studies that answer a critical question – what does a "D" mean for America's economy and what is the return on investment we can expect to see. The *Failure to Act* studies compare current and projected needs for infrastructure investment against the current funding trends in surface transportation (highways, bridges, rail, transit); water and wastewater; electricity; and airport and waterborne transportation. The series concluded with a final report, *Failure to Act: The Impact of Current Infrastructure Investment on America's Economic Future,* which found improving the condition of our nation's aging roads, bridges, power lines, sewer systems, ports and waterways is critical to protecting 3.5 million jobs.

The final summary report found that between now and 2020, investment needs across key infrastructure sectors total $2.75 trillion, while projected expenditures are about $1.66 trillion, leaving a total investment gap of $1.1 trillion. This gap leads to consequences like congestion, water main breaks, and blackouts and brownouts that cost households and businesses money, creating a drag on our economy. However, with an additional investment of $157 billion a year between now and 2020, the U.S. can eliminate this drag on economic growth and protect:

- $3.1 trillion in GDP;
- $1.1 trillion in U.S. trade value;
- 3.5 million jobs;
- $2.4 trillion in consumer spending; and
- $3,100 in annual household income.

In order to avoid the severe economic impacts that would be caused by failing to invest in our infrastructure at home, the federal government is allowing other countries to make up where the United States is failing. It is long established that money invested in essential public works can create jobs, provide for economic growth, and ensure public safety through a modern, well-engineered national infrastructure. By improving the nation's deteriorating infrastructure system both economic and job creation opportunities will be provided, while creating a multi-modal transportation system for the Twenty-First Century.

Conclusion

Infrastructure is the critical engine supporting the nation's economy, national security, and public safety. It is the thread which knits the country together. To compete in the global economy, improve our quality of life and raise our standard of living, we must successfully rebuild America's public infrastructure. Faced with that task, Congress must continue to fund transportation, clean water, and water resources projects. Additionally, Congress must clearly define the federal role in infrastructure investment to allow state and local governments the ability to properly meet the needs of their communities.

ASCE looks forward to working with the Committee as it develops a new Water Resources Development Act and begins work to reauthorize surface transportation programs. ASCE also looks forward to sharing with the Committee our 2013 *Report Card for America's Infrastructure*, which will be released on March 19, 2013. The latest report will include a new infrastructure category, grading for the first time the nation's marine and inland waterway ports, as well as the 15 categories from the 2009 Report Card.

The Leadership Conference
on Civil and Human Rights

1629 K Street, NW
10th Floor
Washington, DC
20006

202.466.3311 voice
202.466.3435 fax
www.civilrights.org

TESTIMONY OF WADE HENDERSON, PRESIDENT AND CEO, THE LEADERSHIP CONFERENCE ON CIVIL AND HUMAN RIGHTS

HEARING ON
"THE FEDERAL ROLE IN AMERICA'S INFRASTRUCTURE"

UNITED STATES HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE

February 28, 2013
Washington, DC

Chairman Schuster, Ranking Member Rahall, and members of the Committee: I am Wade Henderson, President and CEO of The Leadership Conference on Civil and Human Rights. Thank you for the opportunity to submit testimony for the record on the "The Federal Role in America's Infrastructure." The critical need for federal infrastructure investment is one of the most urgent and important issues facing our nation.

The Leadership Conference on Civil and Human Rights is a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States. Founded in 1950 by A. Philip Randolph, Arnold Aronson, and Roy Wilkins, The Leadership Conference works in support of policies that further the goal of equality under law through legislative advocacy and public education.

I applaud the Committee for holding this hearing on a matter of great significance to the civil and human rights community. For The Leadership Conference, transportation policy is a key civil rights issue and one that is critical to ensuring opportunity for all. As our nation begins to recover from the recent recession, the federal government must help lead the way through sensible infrastructure investments. Making necessary repairs and updates to our network of roads, ports, bridges, and railways will improve our country's competitiveness and enhance our shared prosperity, while creating and preserving jobs. While this Committee considers the numerous proposals which will come before it ahead of the next federal transportation bill, we strongly urge focused attention on: continued investments in public transportation; the capacity of infrastructure investment to create and sustain much needed jobs; and the importance of maintaining public participation in transportation decision making.

Investing in Public Transportation

As we work to strengthen the networks which transport essential resources and goods, it is critical to remember the important role infrastructure investments play in transporting and employing everyday Americans. Smart and equitable transportation systems connect us to jobs, schools, housing, health care services—and even to grocery stores and nutritious food. Millions of low-income and working-class people, people of color, and people with disabilities live in communities where quality transportation options are unaffordable, unreliable, or nonexistent. The choices we make with respect to federal

transportation policy—what we build, where we build, who builds it, what energy powers it— have an enormous impact on our economy, our climate, our health, and on our ability as a society to achieve the American Dream.

Transportation investments to date have produced an inhospitable landscape for low-income people, people with disabilities, seniors, and many people in rural areas. People of color are disproportionately disadvantaged by the current state of transportation. Nineteen percent of African Americans and 13.7 percent of Latinos lack access to automobiles, compared to only 4.6 percent of Whites.[i] Racial minorities are four times more likely than Whites to rely on public transportation for their work commute.[ii] The cost of car ownership, underinvestment in public transportation, and a paucity of pedestrian and bicycle-accessible thoroughfares have isolated urban and low-income people from jobs and services. Because many people with disabilities do not have the option to drive cars, lack of access to other modes of transportation disproportionately harms them as well. Similarly, seniors and people in rural areas often have limited transportation choices.

An expansion of public transportation funding is necessary to support the reliance on public transportation and the number of people living outside city work centers. Since 2009, 85% of transit systems have either cut service or raised fares or both.[iii] Dedicating transit investments for operating purposes will help stop the fare increases and service cuts and allow for more bus and rail service on existing lines, fare reductions, and free transfers.

Preserving Public Participation

We agree with the emerging consensus that the preservation and modernization of our transportation infrastructure can only be completed through a partnership of federal, state, and local government. However, this process must also include the input of members of the underserved communities who most rely on transportation infrastructure. Under MAP-21, the opposite approach was taken, and several regressive changes to the National Environmental Policy Act (NEPA) diminished the ability of individuals to review and comment on projects before they were already underway. Finding innovative ways to make project delivery more efficient will be an important part of accomplishing America's infrastructure goals, but leaving communities out of the process is not the right way to do so. The negative effects of some transportation decisions—dissecting neighborhoods of low-income families and people of color, physically isolating them from needed services and businesses, and disrupting once-stable communities—are broadly felt and have lasting effects. When these individuals are ignored, transportation decisions and spending inevitably fail to benefit all populations equally. The report of our sister organization, The Leadership Conference Education Fund, "*Where We Need to Go: A Civil Rights Roadmap for Transportation Equity*," discusses some of these effects and is the first in a series of reports examining the key roles transportation and mobility play in the struggle for civil rights and equal opportunity.

In drafting the next surface transportation reauthorization bill, we urge this Committee to study the lessons from MAP-21 and explore alternative strategies for expediting the approval and review process. Developing a more inclusive approach will not only help ward off externalities, but, will also lead to better results for all parties. Open engagement with local communities often yields common-sense solutions to problems which can streamline the overall process. This is particularly true for smaller infrastructure projects under $5 million and projects in the "operational right-of-way" which were

exempted from NEPA review under the last transportation bill. Legislative categorical exclusions such as these have the effect of shielding federal decisions impacting local communities from public scrutiny and shutting the public out of the decision making process. By allowing the public to comment on proposed actions, the impacts, and potential alternatives, federal agencies can avoid costly delays and future public opposition.

Fostering Job Creation

The Leadership Conference applauds the Committee's determination to harness the job creating potential of infrastructure investment. The construction industry has suffered the greatest downturn in 40 years and despite recent progress, lingering unemployment still afflicts towns and cities throughout the United States. Certain communities have been struck especially hard, with unemployment rates in the African-American community holding at almost double the national average. Repairing and modernizing America's infrastructure can help address this situation by creating hundreds of thousands of good paying jobs. The Federal Highway Administration estimates that 30,000 direct and indirect jobs are created for every $1 billion invested in highway construction.

Not only can these jobs not be shipped overseas, they can also be targeted to alleviate unemployment in areas where help is most desperately needed. This Committee should consider access and training for infrastructure jobs. By doing so, Congress can help ensure healthy and shared economic growth in the years to come.

As this Committee plots a path forward on updating our aging infrastructure, there is ample opportunity to lay a foundation for more equitable transportation options that will serve us well into the future. We urge Congress to invest in transportation infrastructure, including public transit, in a responsible way that will build a nation where every person, whether in an urban area or rural hamlet, can participate and prosper.

There is much at stake for the civil and human rights community in developing and improving our nation's federal infrastructure. As Congress considers how best to rebuild and repair our nation's roads, bridges, railways and ports, and where and how to prioritize investments in public transportation and pedestrian and bicycle access, it's vital that the needs of communities of color, low-income people, people with disabilities, seniors, and the rural poor are considered and incorporated.

Thank you for your leadership on this important issue.

---

[i] Brookings Institution and UC-Berkeley, "Socioeconomic Differences in Household Automobile Ownership Rates" at http://gsppi.berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf. Thirty-three percent of poor African Americans and 25 percent of poor Latinos lack automobile access, compared to 12.1 percent of poor whites. PolicyLink, "The Transportation Prescription: Bold New Ideas for Healthy, Equitable Transportation Reform in America," http://www.convergencepartnership.org/atf/cf/%7B245a9b44-6ded-4abd-a392-ae583809e350%7D/TRANSPORTATIONRX.PDF at 16.

[ii] Based on U.S. Census data. Clara Reschovsky, "Journey to Work: 2000," Census 2000 brief. (Washington, D.C.: U.S. Census Bureau, 2004). http://www.census.gov/prod/2004pubs/c2kbr-33.pdf.

[iii] Amalgamated Transit Union - http://www.atu.org/action/atu-cope

Water Environment Federation
the water quality people

601 Wythe Street, Alexandria, Virginia 22314-1994 | p 703.684.2400 | f 703.684.2492 | www.wef.org

BOARD OF TRUSTEES

PRESIDENT

PRESIDENT-ELECT

VICE PRESIDENT

TREASURER

PAST PRESIDENT

EXECUTIVE DIRECTOR

February 13, 2013

The Honorable Bill Shuster
Incoming-Chairman
Transportation & Infrastructure Committee

U.S. House of Representatives
Washington, DC 20515

The Honorable Nick J. Rahall
Ranking Member
Transportation & Infrastructure Committee
U.S. House of Representatives
Washington, DC 20515

Re: Federal Support for Our Nation's Essential Water Infrastructure

Dear Chairman Shuster and Ranking Member Rahall:

As the Transportation & Infrastructure Committee moves forward with an aggressive agenda in the 113th Congress, the Water Environment Federation (WEF) strongly urges you to make federal support for water infrastructure a high priority. Infrastructure investment is a great concern to our members, and we are greatly encouraged by the topic of the Committee's first hearing: "The Federal Role in America's Infrastructure." We know that this hearing has a broad focus, but hope that it will highlight the critical state of the nation's drinking water, clean water, and stormwater infrastructure, and the important role the federal government can play in improving it. We recognize that the Committee will have a full and busy agenda over the next two years, and respectfully ask that you give equal and necessary consideration to water infrastructure and water policy issues as you execute the Committee's responsibilities.

WEF is a not-for-profit, non-partisan educational association that values its reputation for connecting Congress with the technical expertise and experience of our over 36,000 individual members and 75 affiliated Member Associations. WEF provides education and training for thousands of water quality professionals who clean water and return it safely to the environment. Approximately half of our members are the professionals who operate municipal water facilities located in congressional districts across the nation, while the other half are consulting engineers, scientists, researchers, equipment manufacturers and other technical experts. WEF hosts the largest annual water conference in the world, WEFTEC, and is the leading North American publisher of technical and scientific titles in wastewater, stormwater, water reuse, and water science. WEF members have proudly protected public health, served their local communities, and supported clean water worldwide since 1928.

We know that as congressional and national leaders on infrastructure matters, you are acutely aware of the water infrastructure challenges our nation is facing. WEF is the founder of the *Water for Jobs* campaign, which is a partnership of leading water associations, organizations and companies working together to ensure that we make investment in water infrastructure a national priority. As a result of this campaign, the 2012 Republican and Democratic National Platforms include water infrastructure investment language and reference the positive impact on job creation, economic growth, and health (see the GOP Platform, *We Believe in America*, pp. 1 and 5) and the Democratic Platform, *Moving America Forward* (pp. 40-41, 34, and 49). The campaign is now working to transform these platform commitments into meaningful action.

Our crumbling water infrastructure is reaching a critical stage as the gap between investment needs and available funding continues to grow. With this crisis comes incredible opportunity – 40 years of data clearly demonstrates that investing in water infrastructure boosts the economy. With millions of Americans out of work, the timing could not be better to reinvest in our essential water infrastructure. It is estimated that $1 billion invested in water and wastewater infrastructure can create over 26,000 jobs as well as spur innovation and the development of new technologies. Conversely, if we fail to bridge the investment gap by 2020, unreliable and insufficient water infrastructure will cost the average American household $900 a year in higher water rates and lower wages; American businesses can expect an additional $147 billion in increased costs and the economy will lose 700,000 jobs.

The American public consistently identifies water infrastructure as in need of significant investment and rejuvenation. Studies show that 95% of Americans ranked water as the most important service, 88% of American's feel that the government should be accountable for fixing and maintaining the nation's water infrastructure, and 77% of American's are very concerned about the state of the nation's water infrastructure. American's hold these strong feelings because they recognize that water is vital to the wellbeing of our nation on many different levels, which include:

protection of public health;
increased economic development;
protection of the environment;
improved community livability;
manageable water rate increases that are not harmful to family and business budgets; and
climate change adaptation to provide resilience and protect communities and businesses.

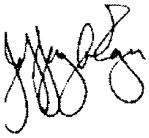
There will likely be a variety of legislative proposals introduced during the 113th Congress to directly or indirectly address these issues. In the past WEF has been an advocate for several of the existing funding mechanisms, including reauthorization and full funding for

the Clean Water Act State Revolving Loan Fund (SRF) program. WEF has also been urging Congress to authorize a Water Infrastructure Financing Innovation Act (WIFIA) program that will supplement funding for projects that cannot obtain SRF funding, and to lift the volume cap on Private Activity Bonds (PABs) to finance water and wastewater projects.

In summary, there are number of viable mechanisms available to address the need for increased investment, and there is clearly strong public support for Congressional action.
WEF urges the Committee to act during the 1st Session of this Congress to provide increased support for water infrastructure. We have heard clearly from our members that this is a priority, and we know they stand ready to support specific legislative proposals. We urge you and your colleagues to work together and seek common ground on proposals that answer the American public's call for greater support for water infrastructure.

Thank you once again for holding a hearing on America's infrastructure, and for providing WEF with an opportunity to submit written comments. We look forward to working with you during the 113th Congress and welcome the opportunity to further discuss is and any other water-related matters that come before the Committee.

Respectfully,



Jeffery A. Eger
Executive Director

cc: The Honorable Bob Gibbs
The Honorable Tim Bishop

○