AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 112–817

TRANSPORTATION'S ROLE IN SUPPORTING OUR ECONOMY AND JOB CREATION

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

JANUARY 26, 2011

Printed for the use of the Committee on Environment and Public Works

Available via the World Wide Web: http://www.fdsys.gpo.gov

U.S. GOVERNMENT PRINTING OFFICE

85–222PDF 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 ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

BARBARA BOXER, California, *Chairman*

MAX BAUCUS, Montana
THOMAS R. CARPER, Delaware
FRANK R. LAUTENBERG, New Jersey
BENJAMIN L. CARDIN, Maryland
BERNARD SANDERS, Vermont
SHELDON WHITEHOUSE, Rhode Island
TOM UDALL, New Mexico
JEFF MERKLEY, Oregon
KIRSTEN GILLIBRAND, New York

JAMES M. INHOFE, Oklahoma
DAVID VITTER, Louisiana
JOHN BARRASSO, Wyoming
JEFF SESSIONS, Alabama
MIKE CRAPO, Idaho
LAMAR ALEXANDER, Tennessee
MIKE JOHANNS, Nebraska
JOHN BOOZMAN, Arizona

BETTINA POIRIER, *Majority Staff Director and Chief Counsel*
RUTH VAN MARK, *Minority Staff Director*

C O N T E N T S

Page

JANUARY 26, 2011

OPENING STATEMENTS

Boxer, Hon. Barbara, U.S. Senator from the State of California 1
Inhofe, Hon. James M., U.S. Senator from the State of Oklahoma 3
Lautenberg, Hon. Frank, U.S. Senator from the State of New Jersey 6
Cardin, Hon. Benjamin L., U.S. Senator from the State of Maryland 60
Baucus, Hon. Max, U.S. Senator from the State of Montana 61

WITNESSES

Martinovich, Hon. Susan, president, American Association of State Highway and Transportation Officials, director, Nevada Department of Transportation 8
Prepared statement 10
Dorey, William, director and past president/CEO, Granite Construction Company 22
Prepared statement 25
Responses to additional questions from Senator Boxer 32
Poupore, Raymond J., executive vice president, National Construction Alliance II 33
Prepared statement 36
Responses to additional questions from Senator Boxer 39
Johnson, Wayne, manager, Carrier Relations, Owens Corning 39
Prepared statement 42

ADDITIONAL MATERIAL

Participants in a Briefing on March 29, 2010:
Lewis, Michael P., director, Rhode Island Department of Transportation .. 67
Saletin, Jeffrey, real estate developer 70
Cardi, Stephen, president, Construction Industries of Rhode Island 73
Statements:
The American Society of Civil Engineers 83
Voigt, Gerald F., P.E., president and CEO, American Concrete Pavement Association; Acott, Mike, president, National Asphalt Pavement Association; Garbini, Robert A., P.E., president, National Ready Mixed Concrete Association; Wilson, Jennifer Joy, president and CEO, National Stone, Sand and Gravel Association; McCarthy, Brian, president and CEO, Portland Cement Association 88
Nagle, Kurt J., president and CEO, American Association of Port Authorities 91

TRANSPORTATION'S ROLE IN SUPPORTING OUR ECONOMY AND JOB CREATION

WEDNESDAY, JANUARY 26, 2011

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (chairman of the committee) presiding.

Present: Senators Boxer, Inhofe, Lautenberg, Baucus, Cardin and Whitehouse.

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. The hearing will come to order.

Good morning. I want to welcome everyone to the first hearing of the Environment and Public Works Committee for the 112th Congress. I am very happy to be here with my Ranking Member, Senator Inhofe.

Before I begin to make my remarks about today's hearing, so before we start the clock, I want to take a personal privilege to just thank the committee for all of our work last year. I thought it would be worthwhile, and I will put this in the record, to quickly go through, just reflect on our significant accomplishments.

The committee approved 69 pieces of legislation in the last Congress. We worked to enact 30 bills, including both measures that EPW reported and bills in EPW's jurisdiction for which the committee contributed directly to the Senate passage and enactment.

I would like to again thank the Members of the committee across the aisle. Their cooperation and bipartisan efforts were critical to our success.

I am going to just mention a couple of measures that we passed, and recognize the Members whose hard work contributed to the passage of the bills. Multiple Members worked on the HIRE Act, which took important steps to create jobs for American workers, including of course, what we did in that bill, was the extension of highway transit programs. I would like to say that Senator Inhofe was extremely important in making sure that we extended the highway programs. Because it would have been a disaster for our States.

Senators Carper and Voinovich worked to pass the Diesel Emission Reductions Act. Senators Klobuchar and Crapo worked together to pass the Formaldehyde Standards for Composite Wood Products Act. Senators Cardin and Voinovich and numerous others

worked to pass the bill that ensures the Federal Government pays its fair share of storm water pollution fees for Federal buildings around the Country.

I was so proud that Senator Inhofe and I worked together to introduce and pass the Reduction of Lead in Drinking Water Act, which strengthened and clarified standards to protect people from toxic lead in drinking water by reducing the allowable lead content in drinking water pipes, pipe fittings and plumbing fixtures. When we did this, we worked with all the parties concerned. It was a proud moment. It was hard to get something done, because just one colleague, as you know, Senator, could have stopped that bill. But due to your efforts on your side of the aisle, and I worked on mine, we were able to clear the decks and do this.

So I just want to say, there has been a lot of talk about bipartisanship after the tragedy affecting our colleague and friend, Gabby Giffords. We wish her all of our strength to get well.

But I want to say that we work together. When we don't agree, we don't agree, and that's fine. We understand. But we do in this committee work together and get some very important work done. I will put the whole statement of mine into the record and again thank everybody.

So I will make my comments on today's hearing in 4 minutes. I would like to reiterate that economic recovery and job creation are top priorities for this committee. That is why we are having our first hearing on transportation. Transportation is so key, and it has a lot of bipartisan support. I am working closely with Senator Inhofe on the next Surface Transportation authorization.

Last night, I saw with the Chairman of the House Transportation and Infrastructure Committee, John Mica, at the State of the Union. He agrees with me, that enacting a transportation bill should be a priority. It was really great to sit with Congressman Mica yesterday. I think it was a symbol of the fact that we are going to work together.

I was pleased to hear President Obama highlighting investments in transportation as part of the State of the Union address. I welcome his commitment. I am already starting to work, again, with Senator Inhofe's staff, other colleagues and across the aisle and across the Congress divide, the House and the Senate, together to get a hearing.

Today's hearing, which is focused on transportation's role in supporting our economy and job creation, is part of our early effort to get a bill going in 2011. I don't think it is good to keep extending the old bill, extending and extending it. We have new challenges, new priorities, and we have new demands. We need to update those.

I want to say again something I say often. According to the Department of Transportation, every $1 billion in Federal money for transportation that is matched by State and local funds creates approximately 35,000 jobs. These jobs are needed today. According to the Bureau of Labor Statistics, in 2010, the unemployment rate in the construction industry was 20.7 percent, 20.7 percent, more than twice the Nation's unemployment rate of 9.4 percent.

High unemployment in construction has a big impact on our overall economy. According to the American Road and transpor-

tation Builders Association, the transportation construction industry in the United States supports the equivalent of more than 3 million full-time jobs, generates over $80 billion, and it is nearly 3 percent of the U.S. gross domestic product.

So we are talking about jobs, we are talking about benefits to the traveling public and shortened travel time, increased productivity, improving travel time reliability, improving safety, reducing congestion. We know that a good transportation system will enhance the productivity of businesses and individuals. I could tell you from my State, when I talk to my people, regardless of their party, regardless of what they do, regardless of whether they are middle class or they have someone driving them in a car, they are spending too much time in a car. They like their car, but not that much. They would like to have it be a much more efficient system. I don't think there is disagreement anywhere on that.

So in closing, I will cite the Texas Transportation Institute's 2010 Urban Mobility Report: American's waste 4.8 billion hours a year sitting in traffic due to congestion. This translates to almost $4 billion in extra fuel consumed, $115 cost to the Nation when you factor in the cost of fuel and the lost productivity.

Our witnesses today are testifying on behalf of the American Association of State Highway and Transportation Officials, Associated General Contractors of America, American Road and Transportation Builders, National Asphalt Pavement Association, National Stone, Sand and Gravel Association, International Union of Operating Engineers, United Brotherhood of Carpenters and Joiners, National Industrial Transportation League. So we have everybody here today, from labor, from business, from government.

I said that was my last point, but in my 10 seconds, well, I actually went over, let me say this. I am a little disturbed at what the House did when they said they had torn down that wall that separates the Highway Trust Fund from everything else. We need those funds for transportation. They shouldn't be raided for anything else. They shouldn't be used to mask the deficit.

I don't know how everyone on the committee feels about it. But I just want to say, as Chairman of this committee, I am going to do everything I can to make sure that that wall is not torn down. Because this is a priority for our Nation.

Thank you very much, and I am very happy to yield to Senator Inhofe and give him a couple extra minutes if he has some interesting things to say, in addition to his normally interesting things.

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Madam Chairman, I have a brief opening statement that I will submit for the record. Let me just comment on a couple of things, responding to your comments.

It disturbs a lot of people that Barbara Boxer and Jim Inhofe are good friends. We really are. People don't understand it. We don't have a lot in common. When she talks about things, needs in California, they are not always the same that we have. In this committee, this is a huge, some of my House colleagues don't understand that this committee, Environment and Public Works, is the same as two committees in the House. They have the T&I, I used

to be in that many years ago, Transportation and Infrastructure, then of course the other stuff is in their environmental and other committees.

But we have it all. In ours, we disagree. Right now, one of my major efforts is to try to explain to people how this over-regulation stuff is costing, there is a price tag to it. I am talking about endangerment findings, the things we are going to be doing, the boiler MACT, the utility MACT, the ozone, the hydraulic fracturing, all these things that they are trying to do through the EPA that I think are costing.

It is an interesting thing, I commented when I was introducing myself to our panel, I have a lot in common with them, because I used to do that for a living. I was a builder and a contractor, not in roads, but in other things. So I understand from a different perspective how this goes. But Barbara and I agree wholeheartedly, well, let me put it this way, she is a proud liberal, I am a proud conservative. I was ranked, currently ranked No. 1 by the National Journal as the most conservative member of the U.S. Senate.

Yet, I am a big spender in some areas, three areas. For example, it would be national defense, infrastructure, what we are talking about today and then others, unfunded mandates, which I think some of the people in this room know what that is.

So I really do want to have a robust bill. When we did our bill in 2008, it was Barbara and me, hand in hand, going in there, taking on a lot of the people who didn't want to do this. It was difficult. But it was a very robust bill.

Secretary LaHood was in my office this morning. We were talking about, what can we do with just the trust funds that are out there, if you take the transit part out, you would be talking about around $230 billion in a 6-year bill. It is not adequate. I think we would probably say, or you would probably agree that it really just doesn't even maintain what we have today. This is something that we really need to do.

I am going to throw out one thing that is not popular with a lot of the liberal thinkers. Back in the old days, when I was in the House, before I came to the Senate in 1994, we always had surpluses in the Highway Trust Fund. What that did was attract other people, hitchhikers to come in and get in on that deal, because there was a surplus there. As a result of that, there are a lot of things that are in the Highway Trust Fund, that come out of the Highway Trust Fund, that I don't believe should.

Now, here's the dilemma I have, and I am just going to drop it on the whole committee and the witnesses, that our problem in getting the bill that we need to get is really not as much the Democrats as it is the Republicans. Because I can hear it right now, we will get them to the floor and say, wait a minute, we have museums in here and we have these other things. My thinking is, the best way I could get the full cooperation of the Republicans, if we took this back the way it was originally. We had the Highway Trust Fund, and people who paid to use our highways were, confined it to maintenance, new construction, bridges, highways. That would be sellable to the conservative community.

It is a hard thing to do, because I know there are a lot of people who disagree with me on this. But it is just something that you

and I talked about before that we may have to kind of get a little—I have to take away that argument. I guess that is the best way of saying it.

So anyway, I am just as enthusiastic about trying to get a robust bill as my Chairman is. We are going to do everything we can. I appreciate you folks coming from the unique positions you are coming from, because you can ask questions a lot of bureaucrats can't. So I appreciate it and this hearing.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

As we begin the 112th Congress, I think it very appropriate that the committee starts with a hearing on the importance of infrastructure spending on jobs and the economy. The Chairman and I share a very strong belief in Federal infrastructure spending and the need for a robust multi-year highway bill. I am frequently ranked the most conservative Senator, most recently by the NATIONAL JOURNAL. The Chairman is a proud liberal. Yet, we are a great team on infrastructure issues.

I'd like to take a moment to comment on last night's State of the Union. I have always said that government has three spending responsibilities: defense, infrastructure, and unfunded mandates. We've heard President Obama talk about infrastructure before, but there has been little follow through. For example, the President's so-called Stimulus bill, which was largely sold to the American people as a way to improve our infrastructure, actually spent less than 3 percent on repairing the nation's crumbling roads and bridges. Another example was this past Labor Day's announcement where he promised a $50 billion plan for infrastructure, but no action ever followed and he never spoke of it again. In light of this, I was interested to hear him highlight our infrastructure needs again last night. I hope he actually follows through. If he is serious this time, I am committed to working with him and Senator Boxer, as I have always done, to address our nation's infrastructure needs.

The challenges of getting a highway bill completed this Congress are significant, but I hope we are going to overcome these challenges. For years, I have been leading the fight in Washington for increased spending on transportation and infrastructure, because I believe strongly that there are very few forms of government spending that are beneficial to our citizens and the economy. Infrastructure spending is one of them.

Many of my colleagues do not view infrastructure funding as one of our primary Federal responsibilities. Yet there is an undeniable link between a robust economy and a strong transportation network. As we move to address our debt crisis, I will ensure the need for public infrastructure funding is part of the deliberations. That said, it can't be business as usual.

The trust fund has always enjoyed large surpluses, and over time, policies have been added that were not the original intent and are not consistent with the compact we have with those that pay the gas tax. I'm always surprised by some of the things that are funded, like State capitol domes, ferry boats for tourists, and recreational bike trails. I know these types of things only make up 3 or 4 percent of the bill, but they give people an opportunity to demagogue the entire program as wasteful and misguided. It is the same as earmarks, which make up less than 1 percent of discretionary spending. I won't be able to get my GOP colleagues to support a bill that does not refocus trust fund dollars on our crumbling infrastructure.

There are tremendous challenges involved in passing a multi-year highway bill, but the most immediate is that the Highway Trust Fund can no longer support spending significantly more funds than we collect in gas taxes. Congress must be very bold in crafting a highway bill that balances the funding realities with the tremendous needs of our infrastructure, which is the backbone of our economy. We have avoided this conversation for several years now, but if we fail to act, the consequences will be severe. They can no longer be ignored. I look forward to working with Senator Boxer and the rest of my colleagues on striking a balance that is both responsible and passable in the Senate.

Senator BOXER. Senator, thank you. I think everything has to be on the table, and we have to look at every single thing, from both sides' perspective and try to hammer something out. I look forward

to it. A real leader in transportation has arrived, Senator Lautenberg.

STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator LAUTENBERG. Thank you very much.

With the President's message last night and our necessary focus here on infrastructure, I think that we are maybe arriving at a point in time when we are going to get serious about this and get things done. The Country has arrived at a crossroads; we can move our economy forward and create jobs by strengthening investments in our roads, bridges and mass transit systems. Or cut these investments and see our infrastructure crumble in front of us.

As President Obama noted in last night's State of the Union address, the United States will lose its competitive edge if we don't invest in our future. The Country is on the edge of some significant disintegration with our infrastructure. It is a subject that I have worked on since I have been here. The fact that we haven't made much progress doesn't speak well for me. But the fact is that we haven't had the appetite or the willingness to put money into something that has a long-term payoff and look forward to the shorter-term things that satisfy current interests.

Incredibly, some want to solve our economic problems by cutting investments in our infrastructure. It doesn't make sense. In my State, the largest public works project in our Country, a much-needed a long-planned a second rail tunnel under the Hudson River, was just canceled. A lot of work had gone into it. We had commitments on the funding. But we had disagreements within the administration of our State.

This project would have created 6,000 construction jobs annually, and added another 44,000 permanent jobs when construction was completed. As we have seen, two other States, Ohio and Wisconsin, just dropped plans for major high speed rail projects. Now, if our Country continues on this path, we are going to fall behind countries like China, surging ahead in the global race for high speed rail, freight rail and transportation infrastructure. China's investments will dramatically boost its trade capabilities and strengthen its standing as an economic powerhouse. Investing in transportation infrastructure is a jobs program that would help put our Country back to work.

For every dollar invested in infrastructure, the economy reaps $1.59 in return. That is a pretty good yield. Across America, hundreds of thousands of construction workers are ready to get to work and build the infrastructure we desperately need to carry us into the future. Those who say we can't afford these investments are ignoring some of the greatest public works achievements in our Country's history. Construction began on the George Washington Bridge in 1927, not a particularly good year to be engaged in major projects. It continued through the Great Depression, opening for traffic in 1931. Today, that bridge, right in my neighborhood, I live a few blocks from it, carries more than 50 million vehicles annually. I am not depending on my count, that is what the Port Authority is publishing, 50 million cars. Can you imagine what our Country, let alone my State of New Jersey would look like now if

we had thrown up our hands during the Depression, said, sorry, we can't afford a new bridge right now? New Jersey would not be the vibrant State it is today if we failed to make those investments during the last century.

We have a proud history of making transportation a priority, as demonstrated by great public works projects like the Interstate Highway System. It remains the envy of the world. We would be making a huge mistake if we put progress on pause. We have to arise to the occasion again, because these aren't just investments in transportation. They are investments in our people and our future prosperity.

Just for a moment, look at what is happening in China, building railroads that will be going in the hundreds of miles an hour. While America, I think, retreats more toward the rickshaw. It is quite a reverse of conditions. We can't let that happen.

Thank you very much, Madam Chairman.

Senator BOXER. Well, we will have to take the rickshaw section of our bill and change it.

[Laughter.]

Senator INHOFE. Madam Chairman, you might tell our people who are here, our witnesses and others who are here present, the reason we don't have more Members here, the Chairman and I don't know who our Members are. We are to find out today. This is not the President's fault, it is not the Democrats' fault or the Republicans, but a little bit of everybody's.

Senator BOXER. Right.

Senator INHOFE. This should have been done a month ago.

Senator BOXER. Right. I think right now, as we speak, Senator Reid has called a meeting to decide who is on the committee. I think Senator McConnell has done the same for this morning.

Senator INHOFE. Yes.

Senator BOXER. But just from what I know, we'll look pretty much the same. A couple less people, but we'll look pretty much the same on our side. I don't know about, and even Senator Inhofe doesn't know exactly.

Senator LAUTENBERG. Madam Chair?

Senator BOXER. Yes?

Senator LAUTENBERG. Is it fair to say the verve will continue?

Senator BOXER. The verve will continue, yes, the bipartisan verve.

All right. We are going to get to our wonderful witnesses, who are so important today. I am really looking forward to your testimony.

So we will start with Ms. Susan Martinovich, director, Nevada Department of Transportation, on behalf of the American Association of State Highway and Transportation Officials. Welcome.

STATEMENT OF HON. SUSAN MARTINOVICH, PRESIDENT, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS; DIRECTOR, NEVADA DEPARTMENT OF TRANSPORTATION

Ms. MARTINOVICH. Thank you, and good morning, Chairman Boxer, and other distinguished Senators.

I am Susan Martinovich. I am the president of the American Association of State Highway and Transportation Officials and director of the Nevada Department of Transportation. I thank you for the opportunity to provide you with information on the importance of transportation to the economy and to creating jobs.

On behalf of the State DOTs that I represent, I need to make this first point as clear as I can. Federal Transportation funding is crucial to State, the economy and job creation. We need to continue the Federal aid program and sustain nothing less than current levels of funding.

A year ago, in a report titled Projects and Paychecks, which documented the thousands of construction jobs Congress funded in 2010, I said the following: "When you put money into transportation, you are putting engineers and contractors to work, and putting to work the people who provide the materials, the gravel, the asphalt and the concrete." So what I can tell you from personal experience in Nevada is that transportation investment creates jobs.

It also comes with a return. It is a return that can be seen, touched and used. It is used by billions of users every day and for decades to come. That truly is sustainability.

Last year, States delivered $24 billion in stimulus funding which is repaving 35,000 miles of highways, repairing 1,300 bridges and reducing congestion and improving safety. The overall investment being made by Federal, State and local governments in highways, transit, rail, ports and airports each year comes to approximately $240 billion. You both mentioned the jobs that are created with that investment.

My written testimony details what this investment to infrastructure means. You can see the numbers, and you know the large magnitudes of numbers, including access for billions for travel and the tourist industry, that is one of Nevada's and many States' major economies.

But I don't want to go into specifics. I want to talk about the importance of highway dollars to the people that I work for in Nevada. We recently had an overlay maintenance project on Interstate 80 through Lovelock, Nevada. Lovelock is 90 miles from Reno, and like many rural parts of this Country, that is a very, very, long, desolate 90 miles. An owner of one of the motels in town told me, during construction, that the hotels in town were busy, the restaurants were busy, the stores were busy, and it really kept people from being laid off from their businesses. He asked me then, when would we start on another project.

Contractors in our State tell me that they need a backlog of 3 years of work to keep their crews together. Currently, many see only 6 months on the horizon. With that uncertainty, they can't plan or buy equipment or supplies, and they can't assure jobs for existing staff, let alone include training or internships for apprentice or minority worker programs. That really hits home to me on a personal level, as my son is a sergeant in the U.S. Marine Corps, recovering from serious wounds. He and many of his fellow Marines spent time in Afghanistan building infrastructure. Transportation is an industry that can provide jobs for these warriors. They are jobs that they are skilled to undertake, but they are not assured to be there.

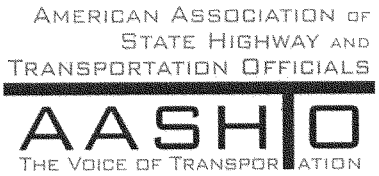
The answer I gave that hotel owner in Lovelock, and the design professionals who work for us, and the contractors and the suppliers that we depend was, I didn't know. I don't know. Investment in transportation should be easy. It has been said that there are no Republican or Democrat roads, highways, buses or bridges. We all know that investing in Transportation puts people to work immediately. Most importantly, the American public can really see what the money that they are investing goes toward. They can see long-term results.

I am going to end my testimony with a quote from General Roy Stone, who was the Federal official in charge of highway improvement in 1892. He said the following, and I believe it still holds true today: "The tax of bad roads is more evenly distributed than any other. It falls alike on producer and consumer, but with a special weight on the poor in towns and cities who depend on good roads to make a living. Road improvement would bring relief to every class, and give years of prosperity to the whole Country."

Senators, States believe that jobs are at stake and that our future is at stake. We talked about the economy and competition worldwide. We need Congress to pass a well-funded highway and transit program this year that is also multi-year. If you can help, we will do everything we can to help you, and we will deliver.

I thank you for this opportunity to testify.

[The prepared statement of Ms. Martinovich follows:]



TESTIMONY OF

THE HONORABLE SUSAN MARTINOVICH

DIRECTOR
NEVADA DEPARTMENT OF TRANSPORTATION
AND
PRESIDENT, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

ON BEHALF OF

THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

REGARDING

Transportation's Role in Supporting Our Economy and Creating Jobs

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

JANUARY 26, 2011

American Association of State Highway and Transportation Officials♦444 North Capitol Street, N.W., Suite 249, Washington, D.C. 20001♦202-624-5800

Chairman Boxer and Members of the Committee, thank you for the opportunity to testify on transportation's role in supporting our economy and creating jobs. My name is Susan Martinovich. I am Director of the Nevada Department of Transportation and President of the American Association of Highway and Transportation Officials (AASHTO). Today I am testifying on behalf of AASHTO which represents the state departments of transportation (DOTs) of all 50 states, Washington, D.C. and Puerto Rico.

Today I will focus my testimony on four main points:

1. **Construction Jobs.** As demonstrated by the economic recovery act, investments in our nation's transportation systems create good paying construction jobs *and* leave behind infrastructure improvements that bring long-lasting benefits to the economy. ARRA projects are repaving 35,000 miles of highways, repairing 1,300 bridges, relieving congestion, removing freight bottlenecks and enhancing rural access. Approximately $24 billion -- or half of the $48 billion in economic recovery act funds allocated to transportation -- were spent on highways, rail, transit, and airports in 2010. This is just one-tenth of the approximately $240 billion spent that year by all levels of government to build and maintain transportation infrastructure. That investment helped create thousands of jobs and reduce the unemployment rate in the construction industry from 27% in January, 2010 to 18% by November.[1] The Federal Highway Administration estimates that 30,000 direct and indirect jobs are created for every $1 billion invested in highway construction.

2. **Transportation is vital to the U.S. economy.** A $1.2 trillion industry, transportation accounts for nine percent of the U.S. Gross Domestic Product. More importantly, it provides the infrastructure, equipment and services that support all other industries, especially manufacturing, retail, services, agriculture, and natural resources, which together account for 84 percent of the U.S. economy. The overall benefits of transportation investments to the broader economy are estimated to be five times the $240 billion spent by governments each year on highway, transit and other transportation infrastructure.

3. **Sustaining an Export-led Recovery.** For the past year U.S. exports have been expanding at double digit rates. Sustaining an "export-led" economic recovery strategy will require a national freight transportation system that is efficient and reliable. The challenge we face is that the current capacity of our nation's roads, rails and seaports is not keeping pace with demand. To do so, governments, at all levels, will need to ramp up essential investment.

4. **Infrastructure Investment Deficit.** As a nation we face not only a fiscal deficit but a transportation infrastructure deficit which must be addressed if we are to ensure a prosperous and economically competitive future. Two Congressionally appointed commissions determined that the U.S. is currently investing at 40% of the level needed.

---

[1] U.S. Bureau of Transportation Statistics, *National Transportation Statistics, 2010.*

Key statistics that illustrate the importance of transportation to the economy:

Economic Recovery Act 2010 Transportation infrastructure investment $24 billion
($48 billion in ARRA funds were authorized for highways, transit, airports and High Speed Rail. Spending in 2010 came to approximately $24 billion.)

Transportation infrastructure spending 2007 $240 billion
(In 2007 investment by all levels of government came to $240 billion in highways, transit, rail, airports, seaports)

Trucking industry annual earnings $620 billion
The trucking industry employs more than 3 million drivers, with an additional 5.6 million people employed in trucking related jobs.

Spending on travel, tourism and recreation $700 billion
This industry is the number one employer in three states, and ranks among the top 10 industries in all but two states. In 2009, 200 million people visited National Parks and 176 million visited U.S. Forests. $93 billion was generated by international visitors.

Output of Agriculture Sector $365 billion
Agriculture is the largest user of freight transportation, claiming 31% of all ton-miles transported in the United States. During the past five years, half of U.S. wheat was exported, 36 percent of soybeans, and 19 percent of corn.

NAFTA trade $760 billion
NAFTA trade with Canada and Mexico which peaked at $830 billion in 2008, and bounced back to approximately $760 billion in 2010. 71% of NAFTA trade by value is moved by truck.

Services
The services industry is the largest U.S. economic sector. It includes financial services, information technology, health, education, professional and business services. Most of the 37 million new jobs expected to be created in the next 15 years will be in services. The services industry needs efficient transportation access to large markets and big pools of skilled workers to keep costs down. Metropolitan congestion, however, makes it difficult for service industry workers to get to work and for service industry customers to get to offices, medical facilities, schools and other service centers.

Economic Recovery and Job Creation

Forty-eight billion dollars of American Recovery and Reinvestment Act (ARRA) resources was set aside for transportation. This investment has provided a "lifeline" for construction industry workers and businesses. By 2009 when the legislation was enacted, housing and commercial construction had virtually collapsed. By January of 2010, unemployment in the construction industry hit 27%. Recovery Act investment in highways, transit, airports and rail created thousands of jobs and helped reduce that sector's unemployment rate to approximately 18% by November, 2010.

As of November 30, 2010, state departments of transportation have completed more than 10,770 projects valued at $9.9 billion and have under contract almost 18,000 additional projects worth another $30.5 billion.

According to a January, 2011 report prepared by the minority staff of U.S. House of Representatives Transportation and Infrastructure Committee --

> "During November 2010, the Recovery Act created or sustained 56,000 direct, on-project jobs. Total employment in November, which includes direct, indirect, and induced jobs, reached 167,000 jobs…The Committee calculates that $811 million in unemployment checks have been avoided as a result of this direct job creation. Furthermore, these direct jobs have caused nearly $977 million to be paid in Federal taxes."[2]

In my home state of Nevada the economic recovery program funded much needed highway and transit projects in all of the state's 17 counties, and resulted in 2,000 direct project jobs that otherwise would not have existed.

The stimulus provided Oklahoma with "an 80 percent increase in annual federal funding – almost two years worth of funding in one year," according to Oklahoma Transportation Secretary Gary Ridley. And as of last August, 2010, almost 2.5 million direct labor hours had been worked on projects across the state.

As a result of just one -- but the largest -- economic recovery project in Tennessee, located in Sevier County along Highway 66, the project's highway contractor was able to keep 89 of his workers on the job, along with 152 workers from subcontractors and 53 employees with vendors involved in the project.

In short, at a time when state departments of transportation were forced to cut budgets and private sector companies to cancel projects, the economic recovery act provided a lifeline for construction workers and businesses, creating new jobs and allowing many companies to retain workers.

---

[2] The American Recovery and Reinvestment Act of 2009: Transportation and Infrastructure Provisions Implementation Status as of December 10, 2010, prepared for the Honorable James L. Oberstar, January 3, 2011.

Long Lasting Results of Transportation Investments

The federal economic stimulus program has helped to create and sustain good paying jobs, but it also left behind improvements in transportation assets that bring long-lasting benefits to the economy.

For example, in Nevada, many local agencies and Nevada DOT were able to reduce their backlog of pavement preservation needs. ARRA allowed potholed pavements to be repaved in metropolitan areas such as Stewart Avenue in front of the City Hall in Las Vegas. Nevada DOT was able to repave a critical segment of Interstate 15 between Las Vegas and the California state line as well as major portions of Interstate 80 in northern Nevada. Other examples of what ARRA funds made possible in Nevada include:

- The enhancement of tourism in our state with the construction of a new welcome center on US 95 near the California border;
- The beautification of several miles of US 95 in Las Vegas with a recently completed $4 million landscape and aesthetics project, which received high praise in the local newspaper.
- The installation ADA ramps and reconstruction of bus stops in Las Vegas, which improved access to transit for the disabled.
- A $3 million wildlife crossing in Elko County on US 93 improved public safety. Motion activated cameras confirmed the effectiveness of these crossings in protecting motorists from herds of deer crossing over the highway.
- The new Meadowood interchange project, now underway in Reno, promises additional access for residents and retail shoppers to a major commercial center, which will further enhance the local economy.

In Tennessee, the economic recovery act provided $32 million for an interchange modification on Interstate 40 in Nashville. The interchange provides direct access to several distribution hubs for major companies, including Fed Ex and UPS. The first phase of the project was completed in 2005, but due to a lack of available funding, the second phase was delayed until Recovery Act funds were made available.

Last summer, the New Mexico Department of Transportation completed the Interstate 40/Paseo del Volcan Interchange in Albuquerque's growing westside. The project, which took four years and cost $60 million, improved the state's busiest east/west commercial freight corridor. The final segment of the project was paid for with $15 million in Recovery Act funds. The project is reducing congestion in an area where population is expected to double in the next 15 years, saving time and money for commuters and businesses.

Last September, Caltrans broke ground on a $140.2 million project on Interstate 5, which will ease traffic congestion and improve air quality. This San Fernando section of Interstate 5 is one of busiest in the Los Angeles region with an average daily traffic volume that can exceed 300,000. The project was financed in part with $31.2 million from the economic recovery act. According to Caltrans, "The improvements we're undertaking now will benefit residents,

commuters, commercial vehicles and California as a whole by improving mobility in this important corridor."

Transportation is a Vital Sector of the Economy

Over the last fifty years, our population, our landscape, our economy and our transportation system has changed dramatically. In 1960, our population was 180 million; we had 87 million drivers and 74 million cars creating 600 billion annual vehicle miles of travel (VMT). Today, we have 308 million people, 208 million drivers and 250 million vehicles, and VMT has increased to almost 3 trillion.

According to federal statistics, transportation is a $1.2 trillion business that accounts for nine percent of the Gross Domestic Product, and 9.7% of the nation's labor force. More importantly, it provides the infrastructure, equipment and services that support other industries, especially manufacturing, retail, services, agriculture, and natural resources, which together account for 84 percent of the U.S. economy.

Public and private capital investment in transportation infrastructure and equipment is being made at $365 billion per year. Over $890 million a year is spent on motor vehicles and parts, gas and oil, and transportation services. In 2008 U.S. international trade, which is directly dependent on transportation, came to over $600 billion - exports at $257 billion and imports at $347 billion.

Transportation and U.S. Gross Domestic Product 2008 ($ Billions)[3]

U.S GDP	$13.312 Trillion	% of GDT
Total Transportation	**$1.167 Trillion**	**8.77%**
Personal Consumption of Transportation • Motor Vehicles and Parts • Gasoline and Oil • Transportation Services	$893 Billion	6.7%
Gross Private Domestic Investment • Transportation Structures • Transportation Equipment	$138 Billion	1.04%

[3]. U.S. Department of Commerce, Bureau of Economic Analysis, *National Income and Product Account Tables*, and U.S. Bureau of Transportation Statistics *National Transportation Statistics* and *2010 Pocket Guide to Transportation*

Exports	$ 257 Billion	1.93%
Imports	$347 Billion	2.61%
Government Transportation Related Purchases • Federal Purchases • State and Local Purchases • Defense-Related Purchases	$227 Billion	1.71%

Total transportation spending by all levels of government – federal, state and local-- for all modes totaled more than $240 billion in 2007. More than $135 billion was spent to build and maintain highways; almost $49 billion was spent on transit.[4]

How to Sustain an Export-led Recovery?

For an "export-led" economic recovery strategy to succeed will require a national freight transportation system that is efficient and reliable. The good news today is that for the last year U.S. exports have been expanding at double digit rates. The challenge we face in keeping pace with that growth is that the nation's highways, railroads, ports, waterways, and airports all require investment well beyond current levels to maintain, much less improve their performance. The global economy is pressuring countries to upgrade infrastructure in order to remain competitive, gain advantage, or keep from falling behind. The good news is that compared with its competitors, the United States still has the most fully developed, efficient, and productive transportation system. It is losing ground, however, due to age and capacity constraints, and needs to be improved.

So how is it that U.S. exports have been able to expand? The itinerary of President Obama's week-long tour of Asia's emerging economies in late 2010 illustrated the markets we are trying to reach. He visited India, Indonesia, Korea, and China. In those and other developing economies 70 million new consumers are entering the middle class each year. They aspire to the same lifestyles enjoyed by middle-class families in the developed world in terms of cars, homes, food, and travel. General Motors sold more cars in China in 2009 than it did in the United States. Caterpillar is shipping heavy equipment from its plants in Peoria, Illinois to countries like China, India, and Korea which have undertaken massive road building projects. Boeing is filling orders for jet airplanes to carry Asian business and leisure travelers all over the world. And U.S. farmers are shipping increasing quantities of American beef, chicken, wheat and corn to consumers in developing economies.

[4] U.S. Bureau of Transportation Statistics *National Transportation Statistics, 2010*

Three years ago, economic analysts forecast that over the next twenty years U.S. exports would grow at a rate of 5.8 percent annually, outpacing imports which were expected to increase annually by 4.2 percent. Current experience would suggest that their forecast may have been too conservative.

Ten years from now, the U.S. trucking industry will move three billion more tons of freight than is hauled today. To meet this demand, the industry will put another 1.8 million trucks on the road. In 20 years, for every two trucks now on the road, there will be an additional one right behind it, carrying the expected growth in food deliveries, goods and manufacturing equipment. The problem is that trucks already face bottlenecks, congestion and delays in metropolitan markets all over the U.S. Something will need to be done to expand system capacity.

The long-term forecast for freight demand, including both domestic and international volumes, is that it will increase from 15 billion tons today to 30 billion tons by 2050. Freight carried by trucks is expected to increase 41 percent, and freight carried by rail by 38 percent.

The current capacity of our nation's roads, rails, and seaports is not keeping pace with demand. To sustain the export-led economic recovery envisioned, governments, at all levels, will need to ramp up essential investment. To document the types of investment needed, AASHTO, published three reports in 2010: Unlocking Gridlock, Unlocking Freight, and Connecting Rural and Urban America. These can be found at http://expandingcapacity.transportation.org/.

Meeting the transportation needs of the Service Industry

The services industry is the largest and fastest-growing economic sector in the U.S., now accounting for one-half of U.S. GDP and one-half of all jobs. This includes financial services, information technology, health, education, professional and business services such as law and accounting, and the leisure and hospitality industries. Most of the 37 million new jobs expected to be created in the next 15 years will be in services. The services industry needs efficient transportation access to large markets and big pools of skilled workers to keep costs down. Metropolitan congestion, however, makes it difficult for service industry workers to get to work and for service industry customers to get to offices, medical facilities, schools and other service centers.

Health care is a large and growing industry within the service sector that could not function without an efficient transportation system. A hospital cannot serve the public if patients and staff cannot access it conveniently, but it also cannot function effectively without reliable transport of everything from cleaning supplies, to sophisticated equipment and human organs which come from the local area or from points around the country and the globe.

As the economy grows, there is no question that the capacity of highways and rail systems will need to be expanded to handle freight which is expected to double. However, if half of the U.S. economy and one-half of all jobs are tied to the service sector, it won't suffice for transportation plans to focus exclusively on moving freight. Equal emphasis needs to be placed on passenger transportation improvements, in all modes, that support a rapidly growing service economy.

Travel and Tourism

Travel and tourism is a significant component of the large and growing services sector. Nationally, in 2009, a down year for travel and tourism, employment generated by the industry totaled nearly 7.5 million, with a payroll of $186.3 billion. Travel expenditures of over $700 billion generated tax revenue of $113 billion and the U.S., as a result of international visitors, ran a travel trade surplus of $22 billion.

There is a tendency to think of the travel and tourism industry as a collection of mom-and-pop enterprises providing low-paying seasonal employment.

In Nevada, of course, we know this to not be true. Travel and tourism is Nevada's largest single industry -- spending is approximately $35 billion, generating tax receipts of over $4 million, employment for nearly 500,000 people and a payroll of $12 billion. In all states travel and tourism is among the top ten employers and, in most, in the top three. By its very nature, travel and tourism is dependent on transportation, but the size and economic importance of this industry is not widely recognized.

In the aggregate this is an important sector of the economy and a sector that is dependent on transportation not only for travelers, but also for goods, services, and workers.

The motor coach tour industry, for example, is a relatively small piece of the entire industry by comparison with the airlines and hotels, but is responsible for over a million jobs (direct, supplier and induced), with a payroll of over $40 billion and a total impact exceeding $112 billion.

If the manufacturing associated with travel and tourism, such as outdoor recreation equipment and recreational vehicles, is added to the service side of the industry, then clearly travel and tourism is a major economic engine in the U.S. the health of which requires an effectively functioning transportation system.

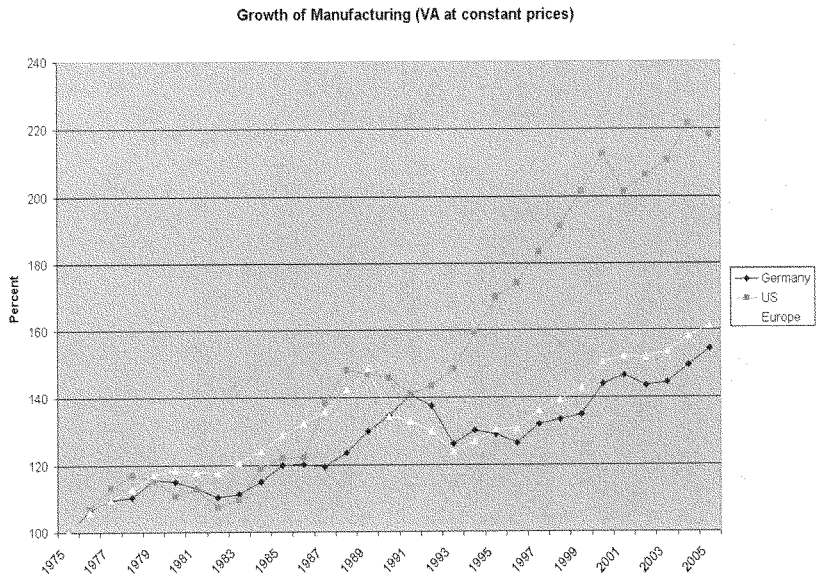
Agriculture and Rural Economies

The agriculture sector is the single largest transportation user, using more than 30% of all ton miles transported in the United States—and more if the full supply chain from inputs production and the trips to the American table or the foreign destination are taken into account. The United States is competitive in global markets in large part because of the efficiency and economy of domestic transportation. As the U.S. Department of Agriculture recently reported:

> "Trucking is critical for American agriculture. The industry carries 70 percent of the tonnage of agricultural, food, forest products, alcohols, and fertilizers. It links farmers, ranchers, manufacturers, and service industries to grain elevators, ethanol plants, processors, feedlots, markets and ports. More than 80 percent of cities and communities are served exclusively by trucks. The first and last movements in the supply chain from farm to grocery store are by truck."

Manufacturing

The United States still has the world's largest manufacturing economy, producing 21 percent of global manufactured products. U.S. manufacturing produces $1.6 trillion of value each year, or 11 percent of U.S. GDP. While the proportion of manufacturing is down, the U.S. has seen significant manufacturing production growth. While other sectors have expanded, basic manufacturing could continue to have a significant and even resurgent place in our economy, but not if the transport costs associated with production and distribution continue to rise.



United Nations, *Manufacturing Statistics: Current Trends and Challenges, 2009*

In this 24-7, just-in-time economic environment, manufacturers must build complex global supply chains to ensure competitive sourcing of materials, parts, and labor. Congestion, deteriorating travel-time reliability, and escalating costs are draining away the benefits of global supply chains and "just in time" manufacturing, increasing costs for consumers and leaving supply chains less resilient when disrupted.

Logistics

Today, most businesses are moving toward "on-demand" supply chains, replenishing whatever the customer consumes as soon as it is sold. Businesses track customer purchases as they occur, reducing and centralizing inventory at fewer locations. Industries that once held large inventories of products and could tolerate delays in shipment now demand greater reliability 24-7. As a

consequence, the performance of the infrastructure which undergirds supply chains becomes more critical; shortfalls in efficiency and reliability, become more costly.

Pat Quinn, the CEO of USXpress, a major trucking company, and past president of the American Trucking Associations, has put it this way:

> *"The American economic system has become highly dependent upon the timely flow of a supply chain that can keep pace with the public's demand for goods and services. The construction of new highways and improvements to infrastructure could create thousands of jobs and serve as an economic stimulus for the entire country."*

Two giants of the era of modern logistics are FedEx and UPS. Both have made it clear that sophisticated logistics, in fact, has increased the dependence of the economy on old-fashioned transportation infrastructure.

> "Shippers and consumers alike are increasingly enjoying significant benefits from efficiencies gained in supply chain management and our strong competitive position in the global marketplace. In order for these advantages to continue, we strongly advocate appropriate reinvestment in the infrastructure necessary for the efficient movement of goods."*Bill Logue, President and CEO, FedEx Freight Corp.*

> "UPS knows firsthand that the U.S. economy depends on the time-definite movement of freight. An overstressed infrastructure slows delivery times, creates unpredictability in supply chains and ultimately makes U.S. businesses less competitive and consumer goods more expensive."
> *Burt Wallace, Senior Vice President, UPS*

Nevada

For decades the Reno-Sparks area has been a major location of warehousing and distribution for the Western States. The Center for Logistics Management at the University of Nevada Reno—one of the first such centers in the United States—was established to support this industry.

For many years, I-80 and I-15 have carried heavy traffic East-West to and from the ports of Oakland and Los Angeles/Long Beach to, from, and across Nevada. More recently Nevada has seen heavier north-south truck movements on U.S. Highways 93 and 95, which run through sparsely populated territory and have become routes for trucks that do not want to move North-South in California.

Two major Nevada Projects demonstrate the economic benefits of transportation infrastructure investment -- not just for Nevada – but for the larger Western region and U.S. First, the Reno Transportation Rail Access Corridor (RETRAC) has facilitated the movement of freight by rail to and from the Port of Oakland from across the U.S. It depressed 2.25 miles of freight rail track through downtown Reno, resulting in faster, safer, more efficient freight movement as well as substantial community benefits.

The recently completed Hoover Dam Bridge -- officially the Mike O'Callaghan-Pat Tillman Memorial Bridge – which is a design and construction marvel is a major improvement for cross-country freight movements. The new bridge cuts 75 miles off the route that a high volume of trucks had been forced to use as bypass route when Hoover Dam was closed to through traffic after September 11, 2001.

Conclusion

Madame Chair and Committee Members, simply put, transportation investment creates and sustains good paying direct construction jobs and leaves behind long lasting transportation assets; it boosts the competitiveness of all economic sectors – for example, manufacturing, travel and tourism and services, and agriculture; and it represents almost 9 percent of our GDP. While the nation has a severe fiscal deficit, we also have an infrastructure deficit that should not be exacerbated with further disinvestment in our nation's transportation infrastructure. Thank you and I look forward to answering any questions you may have.

Senator BOXER. Thank you so much, Director Martinovich. I thought you were very eloquent, and we thank your family's contribution to this Country. We really do. How is he doing?

Ms. MARTINOVICH. He is doing wonderful. The medical research that occurs and the care that our soldiers get is just phenomenal, and the support they have for the families is wonderful. Thank you.

Senator BOXER. Thank you so much.

You have also given me an idea, one I will talk to my friend about, who is such a leader at protecting our men and women in uniform. Maybe there is a way that we could talk about jobs for our wounded warriors. I think that is related to this bill. Thank you.

Mr. William Dorey, director and former president and CEO of Granite Construction, Inc., on behalf of the Associated General Contractors of America and the American Road and Transportation Builders Association, welcome back.

STATEMENT OF WILLIAM DOREY, DIRECTOR AND PAST PRESIDENT/CEO, GRANITE CONSTRUCTION COMPANY

Mr. DOREY. Thank you. My clock is broken, so you may have to give me a high sign if I start to run a little long.

I am Bill Dorey, recently retired from Granite Construction Company. I spent 42 years there in the transportation construction business. I started in 1968, very small central California paving company. Over the course of the last 42 years, a very dedicated group of people managed to grow that company from a private central California business to a national business with revenues approaching $3 billion and a company that is now traded on the New York Stock Exchange.

So it has been a lot of fun. I learned a lot along the way. Certainly gained, I think, a perspective with regard to transportation in this Country. Our business today builds work from Alaska to New York City. Probably the most notable project we are involved in today is the transit facility rebuild at the World Trade Center, the Path Station. We are very, very honored to be part of that project.

I am here to offer a perspective on what I think is a crisis in this Country as it relates to Transportation. We own a huge network of facilities. We are not maintaining them. As a result, they become less and less efficient, because we are not putting the investment back into those facilities that we need. I think President Obama talked about this last night, I think he was right on target with regard to investing in our infrastructure.

Senator Inhofe suggested he was a spender. I would argue, I think it is an investment. There is a big difference between just spending money to be spending it an investing it to get a return. I think the infrastructure in America is an investment and we do need to prepare our Country to compete with countries that have either made that commitment or are making that commitment to build their infrastructure. There are some very, very tough customers out there that we have to compete with on a global scale. We absolutely cannot allow ourselves to be operating without the appropriate tools.

There is an undeniable need for maintenance, minimal maintenance in this Country. This is not me necessarily saying this. There have been numerous blue ribbon panels that have been assembled over the last several years. The most recent one was the President's National Commission on National Responsibility and Reform. This panel came to the same conclusion that others had, that we are not making the investment in infrastructure that we need to, and we are falling further and further behind. We are not keeping pace with growth. Vehicle volumes and the use of our system, our system is basic for economic growth and it is basic for sustainable job creation, particularly sustainable job creation.

There should be no dispute that the money we spend to maintain and grow our infrastructure is an investment. If you think about the Interstate system that was built in the 1950s and 1960s, think about what that did for our economy. Had we not done that, where would we be today? I would argue that we have received a tremendous return on that investment. We created millions of jobs directly and millions more indirectly. Most businesses could not exist without that infrastructure. We can name them: tourism, manufacturing, warehousing, trucking, agriculture, forestry, mining, retailing and so on. As I think Senator Boxer suggested, ARPA has some facts around that subject, 78 million jobs are dependent on transportation, $2.8 trillion in payroll, $235 billion in State and Federal payroll taxes.

We are not keeping up. Many are suffering. I do want to talk a little bit about the job situation in the construction industry, because we are feeling it directly at Granite. There is a 20 percent unemployment rate in the construction industry. It is staggering. I have not seen anything like this in my career. Demand for construction materials is down 30 to 40 percent. Specifically at Granite, in 2007, we had 2,200 salaried professional and administrative staff. We currently have 1,500. We have laid off 700 people. These are our salaried employees, not including our craft workers, where man hours are down over 40 percent relative to where they were in 2007.

This is a huge, huge problem for the American workers. It has been devastating for the families. Frankly, some of these families have worked for Granite their entire career, they have never worked any place else. We were faced with the very, very difficult decision of letting them go and trying to keep our company strong.

I don't expect government to spend money to employ people. I don't think that is government's job, simply to spend money to employ people. But I do expect government to invest in the basic infrastructure that will support our economy. I am asking you to invest in America. Let's consider some statistics.

Our interstate system was built in the 1950s and 1960s, and it is old. It had a design life of 20 to 40 years, and it is like an old car. If we don't take care of it, it is going to cost us more later than it will today. Sooner or later, you have to buy a new car. You just come to that, no matter how much you would like to not do that, sooner or later, you have to invest in a new one. We are behind the capacity curve. We are putting more and more cars on fewer and fewer lane miles all the time. One hundred and fifty thousand bridges in this Country are structurally deficient or functionally ob-

solete. In California, that number is 29 percent of the bridges in California fall into that category. That is one in four.

Senator BOXER. Mr. Dorey, you have gone over, but you are so interesting. How about another 2 minutes?

Mr. DOREY. OK, I can finish up.

A quarter of our urban roadways are substandard or poor condition. Vehicle miles traveled in California has grown 10 times faster than lane miles and continues to do so. If there is any wonder why we have congestion, that is it. Senator Boxer, you, I think, raised the question of the Texas Institute study. I am not going to repeat that. But interestingly enough, if *USA Today* is correct, that 4.8 million man hours compares closely to the 6 billion man hours that we waste filling out our tax returns. So that might put some perspective on how many hours that really is.

The reason we are in this spot is because we haven't raised the primary funding mechanism for transportation in this Country since 1993. Over that course of time, inflation has eroded probably close to half of the purchasing power that we had in 1993, and fuel efficiency, by the way, has eroded even more purchasing power, as we are collecting less and less per mile driven because our cars and trucks are more efficient. That is good news and bad news, all at the same time. Efficiency is great, we should push for that always. There are lots and lots of other reasons, other benefits from that. But we are not collecting enough money to take care of our system.

We can fix this problem. If we do this right, we can energize our Country. We can put people to work and we can encourage, I believe, fuel efficiency at the same time, which has merit. We cannot do this with short-term stimulus cash. This is a long-term proposition. I do not believe we should spend money we don't have.

So I am a pretty conservative guy. If we are going to do this, we have to raise the money to do it. I do not think we should be spending money that we do not have. We cannot, by the way, rely on public-private partnerships to do this for us. It won't do it for us, and I can talk more about that if you like. It is a bipartisan issue. We need a fully funded transportation program right now to build the infrastructure of the United States. I thank you very much.

[The prepared statement of Mr. Dorey follows:]

Testimony of

William Dorey
Director and Former President/CEO
Granite Construction Company

Submitted to:
Committee on Environment and Public Works
United States Senate

Hearing:
The Importance of Transportation Investments to the National Economy and Jobs

January 26, 2011

Testimony of William Dorey
Director and Past President, CEO
Granite Construction

Before the Committee on Environment and Public Works
United States Senate

January 26, 2011

Senator Boxer, Senator Inhofe and Members of the Committee:

On behalf of Granite Construction, the Associated General Contractors, the American Road and Transportation Builders Association, the National Asphalt Pavement Association and the National Stone Sand and Gravel Association, I want to thank you for the opportunity to testify on the importance of transportation investment on job creation, particularly sustainable job creation, and the American economy.

My name is Bill Dorey. I am the recently retired CEO of Granite Construction Incorporated. I spent my entire 42-year career at Granite working with terrific teams of people helping to build Granite from a small Central California paving company to one of our Nation's largest builders of infrastructure projects. We are currently working from Alaska to New York City and we are involved in some of the largest construction projects in the United States, such as the Houston Metro Transit System and the Path Station rebuild at the World Trade Center. We build highways, bridges, streets, dams, tunnels, and much more, for many public agencies, including state departments of transportation throughout the country, as well as airport districts, cities and counties, just to name a few. In addition, we do civil construction work for a long list of private clients.

I am here to share my perspective regarding the crisis we face with the condition and capacity of much of our transportation infrastructure in America and why we must step up to the challenge now, to properly care for the investment we have already made, and to prepare our country to compete with some very tough global competitors who are currently making bold infrastructure investments. I believe there is an undeniable need for significant new investment in our transportation system simply to keep up with the minimal maintenance required; and to keep pace with population growth. I believe it is critical to develop long-term stable funding to support new investment to build the Transportation System of the Future, which is basic for economic growth and sustainable job creation. I would also like to discuss why I believe we find ourselves in a situation where existing sources of funding are failing to keep up with these challenges and what I think we can, and should, do about it.

I am hopeful that, together, we can highlight the critical importance of properly investing in America's infrastructure and do so in a way that can be easily understood by the average

American. If we can do this, I believe Congress can develop a plan, and build popular support for that plan, which will drive economic growth, and address our nation's current and future transportation challenges. If we are thoughtful, I believe we have an opportunity to address environmental concerns, reduce the growth in fuel consumption and protect our quality of life, as well. If we do this, Congress will be creating new, sustainable jobs, not only directly in the construction industry which has been devastated by the economic crash, but build the foundational infrastructure necessary to support a growing competitive economy which will serve as the job creation catalyst to lead us to greater economic prosperity.

First of all, there should be no dispute that a modern well-maintained transportation system is fundamental to sustainable job creation and an economy that can compete globally. Everyone can agree that the national investment in the interstate system has been extremely successful and our citizens have received a terrific return on that investment. The construction of the interstate has created millions of direct jobs and induced millions more. It has been critical to our competitiveness and we need to ensure we don't allow our ability to compete to be compromised.

Research contends that for every $1 billion invested in transportation infrastructure, immediate job creation follows. This figure is between 28,000 and 34,700 jobs created both directly and indirectly.

There are many industries that could not exist without reliable transportation: tourism; manufacturing; warehousing and trucking; agriculture; forestry; mining; and retailing, just to name a few. According to ARTBA, these dependent industries support more than 78.6 million jobs with a total payroll in excess of $2.8 trillion, and their employees contribute more than $235 billion annually in state and federal payroll taxes.

Unfortunately, for a variety of reasons, we have not been keeping up with our infrastructure investment needs and we as a country are suffering for it. From 2006 to 2010, overall unemployment in the construction industry has increased by 200% and construction unemployment currently exceeds 20%. The construction materials industry has experienced decreases in demand for its products of 30-40% or more all across the country.

At Granite, we have had to reduce our salaried professional and administrative staff from 2,200 employees to 1,500 employees over the last two years to size our business to match the work available. In addition, our craft man-hours have dropped 40%, causing thousands of our talented hourly employees across the Country to be without work. Some of those employees have spent their entire working life at Granite, and it has been devastating to them and their families. Our Company prides itself on putting people first. We were recognized by Fortune Magazine as one of the "100 Best Companies To Work For" in America four years in a row before the financial crash. Unfortunately, the dramatic lack of construction work has left us little choice but to cut staff. The construction industry is one of the largest industries in our country, and it has been hit the hardest; it will not get better anytime soon unless we develop a plan of action.

There are numerous heated debates in Washington, DC and throughout America today regarding spending levels, the deficit and the appropriate role of the federal government in our economy. First, let me make it clear – transportation investment is just that, an investment. Investments pay dividends, and as I have already pointed out, transportation investments pay dividends throughout our entire economy far beyond the construction industry. I understand the need to cut red tape and wasteful government spending that does not contribute to job creation and growth, but we must not fail to support those investments critical to our economy.

There should be no debate regarding the federal government's responsibility as it relates to investing in the maintenance and growth of our nation's transportation system to support a vibrant sustainable growing economy, job creation and a quality of life that is at least as good as it was yesterday. In fact, this responsibility for transportation investment is described in Article 1, Section 8 of our Constitution as a core function of the federal government.

We know the federal government has direct responsibility, so let's take a look at the report card. Consider the following:

- The backbone of our federal highway system was built in the 1950's and the 60's.
- The design life for much of that system was 20 to 40 years, and while general upgrades have been done, our system is old and in need of more and more care and maintenance each year. This is not that dissimilar old car. We may be able to nurse a few more miles from an old car if we take very good care of it, but sooner or later, we need to invest in a new one. This is what's happening with our transportation system, except when it come to our roads and bridges, we have not kept up with adequate maintenance, and we are falling further and further behind the capacity curve, as well.

To illustrate this fact, there are 150,000 bridges in our country which are either structurally deficient or functionally obsolete. The Road Information Program (TRIP) has published a report that suggests that 29% of California's bridge structures are considered to be structurally deficient or functionally obsolete. This is more than one in four.

Suffering from continued exposure to the affects of weather, heavy truck traffic and large increases in traffic in general, nearly a quarter of our nation's major urban roadways are in substandard or poor condition according to TRIP, and in many cases the roadbed conditions are failing as well. Immediate repair or replacement, in some instances, is needed to keep road surface conditions from becoming dysfunctional and unsafe.

Vehicle miles traveled are growing at a much faster rate than capacity on our road system. In California, for example, vehicle miles traveled has grown ten times faster than lane miles according to published government reports. This is the obvious reason that we have a growing congestion problem in this country and, if we do not address this issue soon, congestion will become much worse; strangling our economy, our ability to create sustainable

jobs, and our quality of life. Just last week, the Texas Transportation Institute's annual "Mobility Report" found that congestion is costing the US economy $115 billion annually, including 5 billion hours of lost time and 4 billion gallons of wasted fuel. They predict this will only get worse as the economy recovers. This cannot be helpful to either job creation or to the competiveness of business in America.

The USDOT pegs the national cost of congestion at $200 billion annually. This is a real problem that must be addressed, and it can be solved. Many of these congestion issues are a product of bottle necks and according to one study, if we simply deal with our Nation's 167 most congested bottlenecks, we would reduce fuel consumption by 20 billion gallons per year; that is 10% of motor fuel consumed. It is not difficult to imagine what that would do for the flow of traffic and for productivity.

Improving safety for American men and women using our transportation system should also be a national priority. As a product of deferred maintenance, congestion and older highway designs, not capable of handling modern traffic speeds and vehicle volumes, our transportation system is not as safe as it should be. It is very alarming to me that more traffic fatalities today are a product of deficient roadways than from speeding, drunk driving or failing to use seat belts.

All this cries out for a long-term national capital investment program to rebuild and modernize America's transportation systems. I am not alone in this belief. Numerous blue ribbon panels in the past several years have come to the same conclusion. Most recently President Obama's National Commission on Fiscal Responsibility and Reform.

According to UPS, if every one of their trucks experienced a 5 minute congestion delay each day, it would cost their company $100 million annually. And that's just one business. Can you imagine what an impact we could make to our economic competitiveness if we developed a sustainable plan to fund and build a 21st century transportation system in America?

Congress must help Americans compete in the world economy and dedicate adequate funding to build the Transportation System of the Future. The agencies, designers and construction community will put invested capital to work efficiently and get the job done. The funding program must be large enough to pay for what is required and it must be a long-term commitment indexed for inflation and other variables like fuel efficiency improvements. The state and local transportation agencies across the country are led by quality people and staffed with talented and dedicated employees who are in their starting blocks waiting for a green light from you. The design engineering companies in America are the best in the world and there is enormous excess construction capacity available to build projects. The piece of the puzzle that is missing and, frankly has been missing for some time, is adequate stable funding.

By now you might find yourself becoming a little defensive. After all, for the last 20 years Congress has steadily increased funding for transportation. Unfortunately, it has not been enough to compensate for the wear and tear on a backbone infrastructure that is approaching

50 to 60 years old. With pavement sections that have exceeded their design life and large numbers of bridges that need attention due to their age, we have reached a point where we cannot expect our system to continue to carry more and more traffic each year without new (and, frankly, expensive) investment. I wish I had better news, but this is the situation and it will not get any cheaper if we ignore it. All this is exacerbated by the fact that we have not had an increase in the federal government's primary transportation funding mechanism since 1993. And, because cars and trucks are far more efficient today, we are collecting a lot less (as much as 50% less) in inflation adjusted revenue per mile driven on an aging system that is in need of ever increasing care and improvement. Add to that the congestion that is strangling our ability to move goods and service and we now have a problem that only significant stepped up investment and a vision for what is possible can solve.

I would like to leave you with some hope. This is not an insurmountable problem. There are a lot of very complicated issues that government must deal with today. Healthcare and delicate foreign affairs come to mind. Those are complicated issues, and I can only imagine what it must be like to be responsible for developing solutions for those problems. The problem of funding the transportation system of the 21st century is not nearly as complicated and, if properly done, will create a foundation for job growth across our country. This is a tremendous opportunity for America that we cannot allow to pass, and the time to do it is now.

If we do this right, we can energize the country, put people to work, and encourage fuel efficiency that will improve air quality, the quality of our life and reduce our consumption of foreign oil. I encourage you to consider new investment in transportation not only as a short-term program to simply satisfy deferred maintenance on an aging infrastructure, but as a long-term commitment to our future and our ability to compete with other countries who have either made, or are currently making, this commitment.

I must admit I am worried. Congress has failed to pass a long-term Transportation Bill to provide the necessary stability to the state and local DOT's needed to plan and execute infrastructure solutions. The relatively small transportation investment included in the Stimulus Bill has run its course. And, we seem no closer today to a long-term solution than we were last summer. The current picture could not be worse for our industry or the economy.

Let me be clear, the investment in infrastructure needed cannot be satisfied with short-term infusions of stimulus cash. Even though the construction industry, which is in desperate condition today, dealing with massive unemployment would benefit, I do not believe that spending money we don't have is the answer. I also want you to appreciate that Public Private Partnerships will not solve this problem either. While there may be a selected role for PPP's, without dedicated revenue streams such as tolls attached to privately funded projects, PPP's are simply a financing mechanism. What we need to support long-term transportation investment is stable federal funding, not expensive financing which simply pushes the obligation to pay for improvements into the future.

This should be a bipartisan issue and there is a short window to get it done. The best thing for our industry is stability and certainty, an immediate extension of the current transportation program through the end of the fiscal year and a long-term fully funded Transportation Bill to rebuild America by Memorial Day will provide us with much needed stability and certainty.

I consider this opportunity to testify before this Committee a great honor, and I want to thank each of you for this opportunity. To the extent that you think I can be helpful, I offer my time and experience to this Committee. After all, I am retired now and have a lot more free time. Thank you very much.

RESPONSES BY WILLIAM DOREY TO ADDITIONAL QUESTIONS FROM SENATOR BOXER

Question 1. The House is signaling its desire to move forward with a 6-year bill funded at current revenues, about $34 billion a year (down front the current $41.5 billion). What would be the real impacts of this lower level on the U.S. economy?

Response. Reducing transportation funding to $34 billion per year will guarantee that our transportation agencies will not have the necessary resources to keep up with the simple maintenance of our existing transportation system. Our transportation agencies are being asked to maintain an aging infrastructure with primary funding provided from a fuel tax that has not increased since 1993. The purchasing power of the fuel tax has been eroded by inflation and fuel-efficiency improvements to such a degree that, even at current funding levels, we are deferring critical maintenance. In addition, we will be unable to build the new capacity required to keep up with our growing population and to support a growing economy.

With regard to employment, reducing transportation funding will add more pain to an already devastated construction economy.

• Despite the spending from the Recovery Act, the construction industry is already one of the hardest-hit segments of our economy. As I shared in my written testimony, construction sector unemployment stands at above 22 percent, and the construction materials industry has experienced decreases in demand for its products of 30 to 40 percent.

• According to the Transportation Research Board, we need an additional $50 billion each year in funding to properly maintain our Nation's transportation infrastructure, and we need an additional $100 billion annually to meet the growing infrastructure needs of our economy.

• According to the recent report commissioned by the National Chamber Foundation, our nation's transportation infrastructure is vital to the success of our major economic sectors, accounting for 84 percent of the U.S. economy. Keeping our economy competitive is vital to the employment of our citizens and the economic health of our country. We must not yield to the pressure to cut our infrastructure investment funding. If we do, we will be risking further erosion of our economy and our quality of life.

If Congress chooses to decrease its investment in infrastructure when it should be increasing it, Congress will ensure increased unemployment and decreased economic activity in the construction sector. Failure to maintain our transportation system will guarantee increased congestion and safety concerns, lost time, and higher maintenance obligations in the future.

Question 2. I can't tell you how many hours the Chairman and I have put into trying to convince some of our colleagues that short-term extensions and the uncertainly of not having a long-term bill in place have on jobs and the economy. Can you please describe in your experience the impacts of short-term extension on State DOTs and the construction industry?

Response. The design and the construction of an integrated transportation system that will be needed to ensure our ability to compete in the future is complex and will require a long-term commitment. This is not a 1-year or even a 6-year commitment if we want to do it right. If we do it right, we will energize our economy. We have the necessary agencies in place, staffed with committed, qualified people to plan and design our future. It is not efficient, and maybe not even possible, however, to keep America in front of our competitors if we attempt to build our future infrastructure without long-term funding commitments. Stopping and starting or trying to build our future with funding that will not even address the simple maintenance of our existing system will not get the job done.

The major infrastructure investments facing this country, including new rail projects and increases to the capacity of the vital commerce corridors needed to move goods and services, require multiyear planning and project execution. The stopping and starting of our planning and building effort as a product of uncertain funding levels, as well as mixed messages from elected leadership, is not helpful to our ability to deliver these critical multiyear projects. While I will defer to the American Association of State Highway and Transportation Officials to opine on specific projects that are being delayed or canceled, I can assure you that companies like ours will not be investing capital in new equipment until we arc certain there will be adequate long-term program funding to justify the investment in that equipment.

On a more personal note, at Granite we have had to reduce our workforce to size our business to match the demand for our services. This has dramatically affected many of our employees, whom we can no longer support and have had to let go. The construction industry can and should play an important role in rebuilding America's competitive capability. It is time to get serious about building the next-

generation transportation system. We can do it if we commit to a long-term (20–year) plan and develop dependable funding to pay for it. Committed, stable and robust funding should come directly from users and should not require support from the general fund. I am happy to share my thoughts regarding the details of how that funding should be developed if you are interested.

Question 3. Many people from both sides of the aisle strongly believe the highway program needs to be reformed. From a State's perspective, what changes, if any, would you propose to make the program work better?

Response. There is a simple answer to this question and a more complex answer.

The simple answer is that government sometimes spends money we do not have on projects we cannot afford and which do not provide a return to the taxpayer in the form of efficiency improvements. It may not always he crystal clear which projects provide the highest return, but to the extent possible we should require some economic analysis to justify how we spend our transportation dollars. We should (at least for now) fund projects that are shown to be necessary for critical maintenance and projects that improve the efficient flow of people, goods, and services. I also think we should (to the extent possible) further delegate the project selection process to the local officials who are closest to the issues in their communities.

The more complex reform question is in regard to our vision for the future of transportation in America. The transportation system of the future can transform the Nation if we have the vision and the commitment to build it. This vision should include dedicated truck corridors to relieve congestion on our traditional highways and improve safety for our traveling public. It will likely include technology that will improve the capacity of existing highway systems, and it should include the integration of public transportation to a greater degree than it currently is. All of this is possible and, I would argue, critical if we want to be a leader in the twenty-first century. This will require strong leadership and commitment from Congress.

The thinkers, agencies, and engineering talent are waiting on Congress to give them the green light to begin. Much of this vision is currently being constructed in other countries that are determined to get ahead of the United States. The technology already exists. The first step beyond committing to be the best and communicating that vision is to commit to robust, dedicated and dependable funding to make the vision a reality.

Senator BOXER. Thank you, Mr. Dorey. I know how emotional you get when you talk about all these layoffs, because I know you have seen the pain. We thank you very much.

Our next speaker is Mr. Poupore, executive vice president, National Construction Alliance. We welcome you.

STATEMENT OF RAYMOND J. POUPORE, EXECUTIVE VICE PRESIDENT, NATIONAL CONSTRUCTION ALLIANCE II

Mr. POUPORE. Thank you, Chairman Boxer, Ranking Member Inhofe and the distinguished Members of the Environment and Public Works Committee.

On behalf of the National Construction Alliance II, a partnership between two of the Nation's leading construction unions, the Operating Engineers and the Carpenters, I want to express our appreciation for the opportunity to join you today. The two unions of the Alliance represent nearly 1 million workers, many of whom built the Nation's transportation infrastructure.

Let me get right to the point, Chairman Boxer. The NCA II believes that an investment in transportation infrastructure right now in the short term is the single most important public policy initiative that we can take by the Federal Government to re-energize the national economy. Dedicating precious resources immediately to transportation, even in this time of fiscal constraint, makes sense, because first and foremost, it targets resources to the hardest-hit area of the economy, the area where jobs are most needed, the construction sector.

Second, taxpayers are getting unique value in the construction marketplace with their investments. Under-utilized capacity in the industry has meant that bids are coming in lower than the engineers' estimates, enabling State and local governments to complete more projects and stretch tax dollars farther. As you know, these investments are literally the framework upon which the American business competes in the global economy.

Let's give the private sector the tools that they need to keep America the most productive, efficient Country in the world. I will let the National Industrial Transportation League and others speak to the long-term benefits of transportation's role in the economy. I will focus my comments on the essential feature of the transportation investment to the National Construction Alliance: immediate job creation. Tens of thousands of members of the Operating Engineers and the Carpenters are out of work. Some have been unemployed for more than 99 weeks and lost their extended unemployment insurance benefits. Many local unions have been delivering social services to members rather than promoting their industries and matching skilled members to employers' work force needs. Times are tough. Once-proud local union halls have been transformed into food banks.

Because the transportation industry is still suffering the worst unemployment that it has seen in a generation, an investment in infrastructure would inject public resources into the place it is needed most. An important analysis by the Federal Highway Administration of employment impacts related to highway investment say that over two-thirds of the direct jobs created by transportation investment are in construction. The same Federal Highway Administration study estimates that around 10,000 direct construction jobs are created with every billion dollars invested in transportation.

The current national unemployment rate, as you mentioned, Madam Chairman, is 20.7 percent, far and away the highest unemployment in the industry sector and more than double the unemployment rate of the national economy. Since December 2007, construction has lost almost 2 million jobs.

Labor market problems in the construction industry are acute. Fixing them will no doubt help solve the economy's larger problems. Paychecks for these construction workers will drive broader consumer demand for goods and services.

But I want to put a finer point on that 20.7 percent unemployment, Madam Chairman. The Super Bowl is coming up in a couple of weeks. That stadium where Dallas plays holds 100,000 people. Picture 100,000 cheering fans in that stadium. Now picture 100,000 out of work construction workers. Now picture 20 stadiums—that is what it is—20 stadiums full of unemployed construction workers that want to build our Nation's infrastructure, that want to work with their hands to help create the platform, the infrastructure that we need to compete in the global economy.

You want to reduce the deficit? Put these people to work. They will be taxpayers instead of tax eaters. That is what we need to do.

Yesterday I was up in Minnesota, and I met with the chairman and CEO of Ames Construction, his name is Ray Ames. He has a whole yard full of equipment sitting there. A lot of people not work-

ing. But he was telling me on the point of value for your dollar, if you have a billion dollar project now, you are doing it for about $250 million less than you were doing it 3 or 4 years ago. So it is a great value for the taxpayers of America.

Furthermore, when you build a road or a bridge today, it lasts over 50 years, another great investment. So Madam Chairman, we need to put America back to work. The people that I represent need jobs. That is why I am here, that is my voice. I totally agree with everybody else on the panel here what is needed. But we need help. As labor, we are willing to work with you and your committee. We appreciate the work that you have done in the past. We too believe that we need to protect the Highway Trust Fund, protect those firewalls, as you mentioned in your opening remarks. Very important to us.

To my colleague on the panel, I would like to say that, in the labor movement, we have a program for veterans. It is called Helmets to Hard Hats. I can give you some information after.

Thank you for the opportunity to address this great committee. Let's put America back to work. We want to be No. 1.

[The prepared statement of Mr. Poupore follows:]

Testimony of
Raymond J. Poupore
Executive Vice President
National Construction Alliance II

Environment and Public Works Committee
United States Senate
"Transportation's Role in Supporting
Our Economy and Job Creation"
January 26, 2011

Thank you, Chairman Boxer, Ranking Member Inhofe, and distinguished members of the Environment and Public Works Committee.

On behalf of the National Construction Alliance II (NCA II), a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners, I want to express our appreciation for the opportunity to join you today. The two unions of the Alliance represent nearly one-million workers – many of whom build the nation's transportation infrastructure.

Let me get right to the point, Chairman Boxer. The NCA II believe that an investment in transportation infrastructure right now – in the short term – is the single most important policy initiative that can be taken by the federal government to re-energize the national economy. Dedicating precious resources immediately to transportation, even in this time of fiscal constraint, makes sense because, first and foremost, it targets resources to the hardest-hit area of the economy, the area where jobs are most needed: the construction sector. Second, taxpayers are getting unique value in the construction marketplace with their investments. Under-utilized capacity in the industry has meant that bids are coming in lower than engineering estimates, enabling state and local governments to complete more projects and stretch tax dollars further. And, as you know, these investments are, literally, the framework upon which American businesses compete in the global economy.

Let's give the private sector the tools they need to keep America the most productive, efficient country in the world. But I'll let the National Industrial Transportation League and others speak to the long-term benefits of transportation's role in the economy; I'll focus my comments on the essential feature of a transportation investment to the National Construction Alliance II: immediate job creation.

Tens of thousands of members of the Carpenters and Operating Engineers are out of work – some have been unemployed more than 99 weeks and lost their extended unemployment insurance benefits. Many local unions have been delivering social services to members, rather than promoting their industries and matching skilled members to employers' workforce needs. Times are tough. Once-proud local unions' halls have been transformed into Food Banks.

Because the construction industry is still suffering some of the worst unemployment that it has seen in a generation, an investment in infrastructure would inject public resources into the place it is needed most. An important analysis by the Federal Highway Administration of employment impacts related to highways investments says that over 2/3 of the direct jobs created by a transportation investment are in construction. The same Federal Highway Administration study estimates that around 10,000 *direct* construction jobs are created with every $1-billion invested in transportation. The current national unemployment rate in construction is 20.7% – far and away the highest unemployment in any industry sector and more than double the unemployment rate in the national economy. Since December 2007, construction employment has fallen by 1.9-million jobs. The labor market problems in the construction industry are acute. Fixing them will no doubt help solve the economy's larger problems. Paychecks for these construction workers will drive broader consumer demand for goods and services.

There are a couple of detailed points I'd like to make about the labor market as we look back at 2010. First, annual average employment in 2010 in the "heavy and civil engineering" subsector of construction hit its lowest point since 1996. This subsector of the industry includes the construction of utility systems; land subdivision; highways, streets, and bridges; and other types of heavy construction. Second, the employment picture in the highway, street, and bridge subsector – that subsector most closely associated with transportation investments – is even worse. Employment in that subsector dropped 18,800 jobs in the month of November – the last month for which data is available from the Bureau of Labor Statistics. Aggregate employment in the industry is at a 15-year low.

The nation cannot afford to keep losing construction jobs. Without an investment in the nation's transportation network, the industry will steadily lose more and more jobs. McGraw-Hill Construction, perhaps the industry's leading source of private research, forecasts a fairly steep, seven-percent drop in highway and bridge construction in 2011. McGraw-Hill says that, "Waning stimulus support, combined with [a] tough state fiscal environment, will dampen construction near-term." The passage of a robust, multi-year transportation bill will change the forecast and revitalize the economy. You have the power to change this industry forecast, and help the broader economy get back on its feet.

The second point I wanted to emphasize is simple and straightforward: the value that taxpayers are able to get in the construction marketplace today is like no other time in recent memory. Underutilized resources in the sector have meant that bids on Recovery Act projects have come in well under engineers' estimates. The Department of Transportation's experience with Recovery Act funding has shown that more than 2,000 *additional* airport, highway, bridge and transit projects were funded because of low bids, or projects being completed under budget. DOT also reported that among its $1.1 billion in aviation investments winning bids for the projects came in $200 million below their initial engineering estimates. Now is simply the best time to invest in transportation in decades. But commodity prices – the steel, aggregate, and other materials – will rise eventually. With delay and procrastination, policymakers will miss a key opportunity – one that taxpayers simply cannot afford.

Getting these projects going will do more than address immediate pain; they will help get America moving again. The cost of congestion wreaks havoc on American families and businesses, exacerbating problems with air pollution, reducing quality of life, and costing billions in wasted time. And, for unemployed construction workers, taxpayers, and the broader economy, there is no better time to invest than right now.

Chairman Boxer and members of this committee, we must not lose momentum on the nation's economic recovery. The unemployment rate in construction peaked at over 27% last year. Forecasts for 2011 are not getting any better. Obviously, the construction industry is still deep in recession. A robust transportation investment could change that. We are eager to continue to work with you in this 112th Congress to advance the cause of this nation's transportation infrastructure. We are prepared to work with this committee, the Senate, and the House of Representatives to support robust federal investment in the SAFETEA-LU Reauthorization. NCA II believes that in order to achieve the needed level of investment in a fiscally responsible way, a gas tax increase (or other realistic and effective sources of revenue) will be necessary. Now is the right time to help the economy, while getting unemployed construction workers, including thousands of members of the Carpenters and Operating Engineers, back to work. And now is the time to get the best bang for taxpayers precious bucks. We are prepared to follow your lead.

Thank you very much.

RESPONSES BY RAYMOND POUPORE TO ADDITIONAL QUESTIONS FROM SENATOR BOXER

Question 1. The House is signaling its desire to move forward with a 6-year bill funded at current revenues, about $34 billion a year (down from the current $41.5 billion). What would be the real impacts of this lower funding level on the U.S. economy?

Response. From a construction union perspective, and the impact on construction workers, a reauthorization bill at $34 billion a year would he devastating. Construction unemployment is officially at 23 percent according to U.S. Department of Labor figures from January. Construction unemployment would continue to be crippled for years to come if Congress were to adopt these lower authorization figures. Over and beyond the negative employment impact, a $34 billion funding level is completely inadequate to address this country's surface transportation infrastructure needs and provide the necessary levels of investment to allow us to compete more effectively in a global economy.

Question 2. I can't tell you how many hours the Chairman and I have put into trying to convince some of our colleagues that short-term extensions and the uncertainty of not having a long-term bill in place have on jobs and the economy. Can you please describe in your experience the impacts of short-term extensions on State DOTs and construction industry?

Response. Again, from the perspective of construction employees, short-term extensions do not allow for State DOTs to plan and implement larger, more complicated highway projects which would generate greater employment opportunities workers. Short-term extensions only lend themselves to short-term projects with fewer construction workers required to complete them. A long term, robust surface transportation reauthorization provides the binding necessary to plan major infrastructure investments and therefore, with a long term funding stream the State DOTs are in, a "go" mode and able to make the necessary infrastructure investments to get their States' transportation projects upgraded because they can count on a long term funding strategy.

Question 3. Many people from both sides of the aisle strongly believe the highway program needs to be reformed. From a State's perspective, what changes, if any, would you propose to make the program work better?

Response. The one point I would like to emphasize is that project delivery should be expedited. Reasonable environmental safeguards can be protected, but activist groups and others who seek to challenge major highway and transit projects should be given one "bite of the apple" and not be able to drag out opposition to projects over many years. This not only unnecessarily increases costs, but delayed projects preclude employment of the construction workers who are prepared to build them. There is way too much red tape from conception to actually building a road. Delays caused by various mandated studies can take up to 10 years.

Senator BOXER. Thank you so much for your eloquence. The whole panel has been, from each side, just really eloquent.

now our final speaker, Mr. Wayne Johnson, manager, Carrier Relations, Owens Corning, on behalf of the National Industrial Transportation League. Welcome.

STATEMENT OF WAYNE JOHNSON, MANAGER, CARRIER RELATIONS, OWENS CORNING

Mr. JOHNSON. Good morning, Madam Chairman, and Members of the committee. My name is Wayne Johnson, and I am the manager of Global Carrier Relations at Owens Corning's headquarters in Toledo, OH. I am also representing today the Industrial Transportation League. I am chairman of the group's highway committee. We have about 600-, 650-member companies in our association.

We appreciate the opportunity to address the importance of the Country's transportation infrastructure to our economy and job creation. Owens Corning, the company I work for, depends heavily on transportation infrastructure and moves over 570,000 shipments per year using all transport modes. Our production input and getting products to our markets depends on whether our company suc-

ceeds or fails. We are highly dependent on a viable transportation system that allows us to reach our customer in the United States and abroad in a timely and efficient manner.

Delays caused by congestion on our highways, rail yards, intermodal connections and our ports leads to inefficiencies, longer transit times, missed schedules, production interruptions and so on. All these factors add cost to the manufacturing and distribution process. That inhibits our ability to add new workers and produce our products. Without an efficient transportation network, our return on investment is marginalized, since we are not able to make and sell our products efficiently and effectively.

This is precisely why your hearing today is so important, not just for my company, but to the Nation as a whole. Ignoring the importance of improving our national transportation system places additional inefficiencies and uncompensated burdens on American industry and our economy. This translates into additional financial strain for companies and reduces our ability to make investments in people and equipment.

Simply put, America is under-investing in its transportation infrastructure system. Ignoring this fact means we are not recognizing how it supports our economy and creates an environment for U.S. companies to sustain themselves and develop new opportunities for investment and growth. The consequences of under-investment and further neglect of our transportation infrastructure will compromise America's industrial competitiveness.

For those companies that export, like Owens Corning, that will mean we will fall behind overseas companies in competition that is global and relentless. For major importers, like retailers, it would mean that the costs will soar for consumers. For exporters and importers, and the companies that do all the business of the United States, the result is the same. They will not be able to add jobs we all know that are needed to put our economy back on track.

While our economy is improving, great recession has masked the problems we will see when the full recovery takes place. The truth is that these difficulties never went away. The choke points, the backups, the delays and other indicators of a deteriorating freight transportation system that are commonly discussed among supply chain and logistics professionals around the Country did abate during the recession. As we pick up steam and resume normal and growing production and consumption cycles, the underlying problems of the infrastructure neglect and deferred investments will again make themselves known.

To keep our infrastructure working, making improvements cannot be turned on like a light switch. It requires years of planning and committed resources to make it happen. Through all our past efforts, we have never seriously considered or attempted to put in place a national freight transportation policy. Broadly speaking, this policy should integrate all transportation modes and supporting infrastructure in a comprehensive fashion. We can begin working toward this objective through the passage of a comprehensive multi-year surface transportation authorization bill.

As part of this legislation, we must not permit the raiding of funds from the Highway Trust Fund, as has been proposed. As it has been for over a decade, this dedicated fund must continue to

be used for the purpose for which it was designated. Users of our Federal highways should see the Federal taxes they pay go to maintaining and improving and expanding capacity on our highways, bridges, systems connections, and not for the purposes which have nothing to do with Transportation.

Madam Chairman, 2011 is the year Congress must consider the authorization of a multi-year transportation authorization bill. We in industry understand the difficulties that you and your colleagues have in advancing a bill in the fiscal and political environment which demands reductions in government spending. Respectfully, I would ask that you look at spending on transportation infrastructure as an investment in the American economy and America's future, and not just a taxpayer-funded program.

I would hope that Congress would use the time it takes to consider a bill to discuss consequences of further delays in improvements to our transportation infrastructure. This dialog should also explore new substantial sources of revenue that might be applied to make the necessary investments to transportation possible. For the record, the League, the National Industrial Transportation League members have said repeatedly that we will be willing to pay our portion and our share of the costs, as we are both users and beneficiaries of the freight transportation systems. We are only too aware of the enormous cost of adding capacity and maintaining what we have and squeezing more out of what we have. Regardless of what the financing mechanism involves, whether it is taxes, user fees or other sources, the moneys we pay should not be diverted to non-transportation programs.

Madam Chairman, I thank you for the opportunity to be here today. If I can answer any questions, I will be happy to do so.

[The prepared statement of Mr. Johnson follows:]

TESTIMONY

Before the

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

ON

TRANSPORTATION'S ROLE IN SUPPORTING OUR ECONOMY AND JOB CREATION

STATEMENT OF MR. WAYNE JOHNSON

on behalf of

THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

January 26, 2011

Mr. Chairman and Members of the Committee, my name is Wayne Johnson. I am the Manager of Global Carrier Relations for Owens Corning headquartered in Toledo, OH. Thank you for the opportunity to testify today on the importance of transportation infrastructure to our economy and job creation. I am also representing the members of The National Industrial Transportation League (NITL or the League) where I serve as the Chairman of our Highway Transportation Committee. The NITL is an association of companies that conduct industrial and/or commercial shipping throughout the United States and internationally. Founded in 1907, the organization is one of the oldest and largest associations in the country representing some 600 member companies involved with the transport of all kinds of freight using all modes in both domestic and international commerce.

My company, Owens Corning is a leading provider of residential and commercial building materials, glass fiber and engineered materials. A Fortune 500 company for 57 years, Owens Corning employs approximately 15,000 people in 28 countries. Owens Corning is one of the "Greenest"

companies in the United States and has won numerous awards for its' continuing effort in environmental sustainability.

In order to serve our customers, Owens Corning moves over 570,000 shipments per year via air, highway, rail and water carriage. This includes shipments over highways via flat bed trucks, van trucks, bulk trucks, and intermodal drayage trucks exceeding 495,000 shipments and over 145,000,000 highway miles per year at an annual cost exceeding $345,000,000. At Owens Corning we contract to move over the road shipments with over 190 Smartway certified motor carriers. We also move shipments over all major less than truckload carriers, all Class I rail carriers and seven steam-ship companies. All of these freight transportation systems are vital to serving our customers.

Mr. Chairman, your hearing today is focused on a vital matter for my company, for the American economy and for the nation. In our free enterprise system, we are challenged daily by the risks and competitive pressures of the marketplace. Those challenges make us better, more efficient and more productive. But at the same time, by ignoring the imperatives of improving our national freight transportation system we are imposing additional cost burdens on American industry and the American economy. These are costs which we cannot recoup by working harder or smarter. These uncompensated costs are the result of increased congestion on our highways, in our rail yards, at intermodal connections and our ports. Transportation system congestion leads to inefficiency, longer transit times, missed schedules, production interruptions, and so on. All of these negative factors add cost to manufacturing and distribution processes, and these are costs that are exceptionally difficult to control or reduce. They make my job challenging to say the least.

Simply put, we need to get moving on fixing this problem, and we welcome this hearing as an opportunity to voice both our concerns and our ideas for designing solutions to the problem. I am well aware that Washington and the American public has been focused on recovering from this deep recession. We need to do that, and as a representative of a major supplier of essential products for the new home and commercial building construction sector, that recovery is essential to our business. However, I and others

fear that this temporary setback in our aggregate economy may have led to yet another unfortunate result that will continue to haunt us when we achieve that full recovery. In the freight transportation community there is a fear that we have taken our eye off the ball. The slack in the economy has temporarily pulled a curtain over the problems of congestion and delay that had been making headlines daily when the economy was booming.

The truth is that the problems did not go away. The chokepoints, the backups, the delays, and other indicators of a deteriorating freight transportation system that were the daily talking points of supply chain and logistics professionals around the country did abate during the recession. But as we pick up steam and resume normal and growing production and consumption cycles, the underlying causes of those ills will be revealed again.

America is under investing in our freight transportation system. We are not paying sufficient attention to the real transportation infrastructure needs and requirements of the American economy. While it is not the subject of your hearing today, I am tempted to suggest that the same is true across the spectrum of other infrastructure needs of the nation. The renewal and growth of our power distribution, broadband, water and sewer, and transportation assets have not kept pace with the growth of our population and the demands being placed on those systems.

With respect to our nation's transportation infrastructure and its ability to support our economy and create opportunities for employment, I want to leave behind a strong and clear message that further neglect will only compromise U.S. companies' ability to be competitive. If we don't keep up we will fall further behind overseas competitors, a competition that is global and relentless. The consequences are obvious.

One of the "tools" that has become essential to U.S. business is the use of the "just-in-time" delivery process. Just-in-time is indeed now a fundamental, core element of industrial management.

Indeed, it has been adapted and adopted across a broad swath of economic activity from manufacturing to grocery stores and retail distribution of every conceivable product in daily use.

Just-in-time has its roots in postwar Japan, and their auto industry is normally credited for developing this highly refined and precise production and inventory management system. With its well understood flow processes and homogeneous product, the auto plant was an excellent laboratory. Like other manufacturers, the Japanese auto plants had relied on large stockpiles of parts and sub-assemblies inventoried on site. Those large inventories were expensive, wasteful and not terribly efficient. It was difficult to determine what needed to be ordered and when, and there was a significant amount of capital tied up in those piles of parts waiting to be used.

What just-in-time became was a revolution in our thinking about manufacturing, production and distribution. We moved from merely observing inventory in a static way, to a process of actively managing the flow of materials—supply chain management. Implementing just-in-time successfully in any company rests heavily on accurate, efficient and timely signaling. A message needs to be sent that tells another party to send a bolt, a shirt, a laptop, etc., to the next link in the chain. In postwar Japan this was known as "kanban", and it relied on cards and markers. Today we have those tools and so much more with widespread use of barcodes and radar frequency identification (RFID) tags. When the cashier rings up your purchase of that new flat screen TV, a signal is sent through that retailer's supply chain that it is now time to move another one to the store floor. Another signal moves up the chain to produce another TV, and parallel signals move out to bring in the parts needed to build that next TV. And that is where we encounter the transportation element in all of this.

Unless the freight transportation system works as well as the manufacturing process on the plant floor, or the restocking process in the electronics store, we are not going to be able to flow the right part or product at the right time and at the right price. "Almost-in-time" is not the same as "just-in-time", and in fact it is an unacceptable standard. Closer to home, if we do not have our raw materials on site when we need them, then Owens Corning cannot make the required quantities of its diverse assortment of

building products. Ours is a relatively simple process, but we are nonetheless just as reliant on the freight transportation market. Likewise, if we don't deliver our finished product to wholesalers and end-users on time, then we have only passed the problem down the chain.

In the modern context of freight transportation it is no longer appropriate to think in terms of single modes of transportation. I am the Manager of Global Carrier Relations at Owens Corning, not the company's truck person. To be sure we have people who specialize in rail, trucking, barging and so on. But I am charged with bringing all aspects of freight transportation together for the company in the most efficient and cost effective manner. American freight distribution, whether it is for manufacturing or end product consumption, is intermodal.

For example, fully assembled furniture moves from South Asia by ship to a U.S. port, and then is transferred to a train or truck (or in most cases, both) to get it to the point of sale. That process is repeated endlessly for every conceivable consumer product, from clothing to food products to consumer electronics. And the process works in both directions for both imports and American exports. It is a highly complex and choreographed "ballet" that works well when the handoffs are clean and fast, and adds spiraling costs when confronted with missteps in the form of choking congestion, bottlenecks, long lines, delays, and so on. I have the tools I need to map my product movements over the best routes by the right mode, to serve our production facilities on the one hand, and our consumers on the other. That is my job. What I cannot control, however, is the queue at the highway interchange or the choking traffic that we see every day in urban America. Imagine for example the problems for U.S. retailers trying to get that Asian made furniture to the showroom floor in time for the promotion being advertized in the local newspaper. If the special sale is this Saturday and Sunday, it doesn't do much good if the truck pulls into their loading dock next Tuesday.

Of course that is just one simplistic illustration. The scope and dimension of the intermodal transportation challenge is shaped by literally tens of thousands of examples that span the American economic panorama, and millions of pickup/transfer/delivery transactions.

I do not speak for all of American industry. But among the broadly diverse membership of the NITL, there is a shared deep concern that we are adrift. Respectfully, I am urging this Congress and this Administration to move with dispatch on the hard work that lies ahead to craft the next long term surface transportation bill, and in so doing use this opportunity to examine both the present and future needs of our freight transportation system in its totality. Our transportation infrastructure requirements for a competitive future cannot be measured by the needs of each mode alone. We need to assess the needs of the entire freight transportation system.

I do not want to leave any impression that I do not understand the problems you and your colleagues face in dealing with this issue and its coupling with the challenge of finding sustainable sources of financing necessary to provide this country with the transportation infrastructure that is so vital for its economy. I can well imagine that no elected official is eager to vote to raise taxes or user fees to build roads, increase throughput in our ports or add runway capacity. I understand these are complex matters not easily resolved in our system of government. I would hope we could use the weeks and months ahead to lay out the dimension of the challenge ahead of us and rationally discuss the means to pay for the investments we have been delaying but now must undertake.

For the record, League members have said repeatedly that we are willing to pay our fair share of that cost. We are both users and beneficiaries of our freight transportation system. We are only too aware of the enormous cost of adding capacity, maintaining what we have and squeezing more out of what we have. Our single proviso is that whatever additional revenues—from taxes, user fees, or other sources-- we are asked to pay be used for the intended purpose and not diverted to other pressing needs.

While I know this Committee shares jurisdictional responsibilities over transportation with other Congressional committees, it is the province of the whole Congress to make the final decisions. Your hearing today is helpful in that regard. New programs will likely be designed. New funding mechanisms are an imperative. But as we move forward in that process, I would ask that you help change the way we think about freight transportation in the United States.

To begin, I and countless others in American industry and commerce believe that efficient, low cost freight transportation really matters to this country. I have heard that old saying that "freight doesn't vote—people vote" too many times. Candidly, that is far too simplistic. When delay, congestion and high cost in freight transportation begin to squeeze out American products in the marketplace, and when those factors raise prices on our store shelves, the American public—the voters—will react. At the margin, we will lose competitiveness, lose jobs, and lose economic vitality. Those are not acceptable outcomes to sustain a growing population and a growing economy. Those are outcomes more akin to stagnation. The fact that you are having this hearing suggests to me that you have embraced that precept, that freight does in fact matter. Let's put it at the top of our national transportation agenda.

As I said at the outset, I am also here on behalf of the large membership of the NITL. The League has joined with an array of shipper and carrier interests to form a "Freight Stakeholders Coalition" for the purpose of drawing attention to the needs of our freight transportation system, today and in the future. The Coalition represents users and providers of freight transportation by water, truck, and rail, and is broadly representative of the diversity of American economic interests. Collectively we are concerned that the importance of freight mobility has not been adequately recognized or prioritized. Members of the Coalition remain committed to working together to raise the visibility of the improvements needed in our transportation system, and craft appropriate solutions.

The Freight Stakeholders Coalition has enunciated a ten point platform of principles which captures ambitious but achievable goals focused squarely on improving freight mobility on our highway system.

Those ten principles are:

1. Mandate the development of a National Multimodal Freight Strategic Plan. The next surface transportation authorization should mandate the development of a National Multimodal Freight Strategic Plan. The development of this plan should be led by the U.S. Department of

Transportation, in partnership with state DOTs, cities, counties, MPOS and regional planning organizations, ports, freight shippers, freight carriers, and other stakeholders.

2. Provide dedicated funds for freight mobility/goods movement. The legislation should provide dedicated funds for freight mobility/goods movement. Dedicated funds should be provided to support capital investment in critical freight transportation infrastructure to produce major public benefits including higher productivity, enhanced global competitiveness and a higher standard of living for our nation. High priority should be given to investment in efficient goods movement on the most significant freight corridors, including investment in intermodal connectors into freight terminals and projects that support national and regional connectivity.

3. Authorize a state-administered freight transportation program. Congress should authorize a state-administered freight transportation program as a new core element of the federal highway program apportioned to states.

4. If a new freight trust fund is created, it should be firewalled, with the funds fully spent on projects that facilitate freight transportation and not used for any other purpose. Priority should be given to nationally and regionally significant infrastructure, with funds distributed through a competitive grant process using objective, merit-based criteria. Appropriate projects that are freight-related should still be eligible to compete for other federal funding sources.

5. Establish a multi-modal freight office within the Office of the Secretary. Freight mobility should be a key priority within USDOT. The Secretary's office should have staff with freight expertise who can focus on nationally and regionally significant infrastructure.

6. Form a national freight industry advisory group pursuant to the Federal Advisory Committee Act to provide industry input to USDOT, working in conjunction with the new multi-modal freight office. The advisory group should be funded and staffed, and it should

consist of freight transportation providers from all modes as well as shippers and state and local planning organizations. Despite the best efforts of the agency to function as "One DOT," there is still not enough of a focused voice for freight. An Advisory Group would meet the need for regular and professional interaction between USDOT and the diverse freight industry, and could help identify critical freight chokepoints in the national freight transportation system.

7. Fund multi-state freight corridor planning organizations. Given that goods often move across state lines and involve multiple modes of transportation, Congress should fund multi-state, multi-modal planning organizations that will make it possible to plan and invest in projects where costs are concentrated in a single state but benefits are distributed among multiple states.

8. Build on the success of existing freight programs. There are numerous existing transportation programs that facilitate freight mobility and are demonstrably valuable. A new national freight policy should continue and strengthen these core programs or build on their principles and successes to guide freight program development if DOT is restructured and/or program areas are consolidated.

Examples of these successful core freight programs are the Projects of Regional and National Significance, National Corridor Infrastructure Improvement Program; Freight Planning Capacity Building Program; Transportation Infrastructure Finance and Innovation Act, National Cooperative Freight Transportation Research Program; Coordinated Border Infrastructure Program; Private Activity Bonds for Intermodal Facilities; Capital Grants for Rail Line Relocation Projects; Rail Rehabilitation and Improvement Financing (RRIF); Congestion Mitigation and Air Quality Program, Truck Parking Pilot Program, and Rail-Highway Crossings. Funding for discretionary programs should be awarded through a competitive grant process.

9. Expand freight planning expertise at the state and local levels. Given the importance of freight mobility to the national economy, States and Metropolitan Planning Organizations (MPO) should be provided additional funds for expert staff positions dedicated to freight issues (commensurate to the volumes of freight moving in and through their areas). All states should have a freight plan as a tool for planning investments and for linking to the national freight system.

10. Foster operational and environmental efficiencies in goods movement. As in other aspects of transportation, improvements designed to achieve long term sustainability in goods movement are desirable to meet both commercial objectives— economy and efficiency—and public objectives—energy security and reduced environmental impact. Federal policy should employ positive approaches to enhance freight system efficiency and throughput with the goal of reducing energy consumption and green house gas emissions.

As you would conclude from my testimony, I and my colleagues would urge you to help reshape our transportation programs in a way that is supportive of connectivity and intermodal efficiency. We are ready, willing and able to work with you. Thank you for having this hearing, Mr. Chairman, and thank you for inviting me to participate.

Senator BOXER. Thank you so much.

For the benefit of Members, this is the order of arrival: Boxer, Whitehouse, Lautenberg, Cardin and Baucus. Boxer, Inhofe, Whitehouse, Lautenberg, Cardin and Baucus.

So I will start, everybody will have 5 minutes for questions, or you can use it as an opening, whatever you want to do.

I would start of by asking Mr. Dorey, what would the impact be on the construction industry if transportation was funded on an annual basis through the regular appropriations process, rather than through long-term authorization with guaranteed funding?

Mr. DOREY. I want to make sure I understand the question. Is the question, what would happen to the industry if we simply spent what we collected in user fees?

Senator BOXER. No. The question is, rather than doing a highway bill for 3 years, 4, 5 or 6, where we flesh out the programs, so we know what it is, if we just scrapped all that, and some have suggested this, not anyone I know on this committee, and going just to appropriators to appropriate what they thought was necessary, a year at a time?

Mr. DOREY. I can't comment on that. I suspect that my colleague to my right here could be a very good resource.

My observation is this. To properly plan infrastructure, the 21st century transportation system, what I characterize as the transportation system of the future, it is going to be different than the one we have today. It is going to be more efficient, should be more efficient. It is going to be organized differently. I am not sure I can tell you what that is going to be, but I know it is going to be different, I know it is going to be better. It is going to take some thinking, it is going to take some planning to do that.

We have the DOTs and various other terrific agencies in this Country to do that planning. But they can't do it if they don't know that there is a stable, reliable revenue stream to support that construction. You think about it from a practical standpoint, there is no point in having and spending all that intellectual energy to plan that system in the future if you know you can't build it. That is what we are faced with today.

Senator BOXER. I don't have a lot of time left for my questions, but I think you hit the nail on the head there, and you worked your way to it, that knowing that you had this reliable stream, we have to fight it out every year.

Mr. DOREY. Have to have a reliable stream.

Senator BOXER. I am going to ask Ms. Martinovich a different question. What would have been the impact on the construction industry if the Recovery Act hadn't been passed? I would ask Mr. Poupore to comment on this. If the Recovery Act hadn't been passed to provide additional funding for transportation during these last 2 years.

Ms. MARTINOVICH. Thank you, Madam Chair. The impact would have been, the construction industry would have laid off people sooner. I think it bought more time to keep people working, keep supplies there. It also allowed the States to do improvement to infrastructure. We are behind in the condition of our pavements and our structures. So it provided that wave and that jolt of building

and maintaining it. But what it did is it delayed a lot of workers from being laid off, and bought some time.

Senator BOXER. Mr. Poupore.

Mr. POUPORE. Yes, Madam Chairman, the unemployment numbers in construction, as bad as they are, which is, depression numbers would have even been worse if we didn't have the stimulus. The only issue I had with the stimulus, there wasn't enough invested in infrastructure. I think we took a big knot for that with some people making comments about shovel-ready projects and stuff. Fact is, I did testify in front of the other committee last year actually on the stimulus. I do know that John Mica was very supportive of having a much larger investment in infrastructure back at the time of the stimulus, but we never, of course, got there. We only got, out of the total money spent, 3 percent to infrastructure.

Senator BOXER. Right. Well, I think the Chairman and the Ranking Member agree on that point.

My last question, the importance of funding to the States. We are going to see the transportation authorization expire on March 4th. It is coming right behind us. So I would ask Ms. Martinovich, what would be the impact on State departments of transportation if the funding for that extension were to be cut or delayed?

Ms. MARTINOVICH. Madam Chairwoman, in building on what my colleague said, is that right now, not knowing what is happening after March 4th, I will not be putting out projects. I cannot guarantee that projects will go out after March 4th, because I don't know how they are going to be funded. My own State can't pick up the difference between what we typically match the Federal funds with, whatever that percentage with, not knowing if we are going to be reimbursed.

So it is fits and starts. If we can't plan, others can't.

Senator BOXER. I think this is a really important point for every member of this committee. We are going to have to work hard to get this taken care of, sooner rather than later, or our States are not going to be moving forward with projects. A lot of us don't like this extension, extension. We really need to get to the larger bill. But until that time, I hope we can work across the aisle to eliminate this potential crisis. We have already heard of stadiums full of unemployed people, and businesses that are suffering and struggling.

Anyway, I am very pleased that you are all here to answer those questions.

Senator Inhofe.

Senator INHOFE. Thank you, Madam Chairman.

Mr. Poupore, I had a very interesting experience doing the coin toss at the Oklahoma-Texas game. It wasn't much of a game. But I was standing out there and doing the coin toss, 100,000 people, and until you mentioned that, it really didn't even register to me, and I do this for a living, that it would appear that there would be 20 times that number of people who would be unemployed right now.

Mr. Dorey mentioned some unemployment figures. Have you gotten together, are we all in agreement in terms of what has happened, in terms of unemployment in your industries?

Mr. DOREY. I believe we are.

Senator INHOFE. That is an important part of it. The most important part, however, is that one of the two major functions of Government, and you have heard me say over the years, national defense and infrastructure. We need to keep in mind that, I think back, Madam Chairman, when you and I put together, and several others on this committee also, the 2005 very robust bill, even with that authorization bill, that really did nothing more than to maintain what we had today.

So I think each one of you in your testimony has said we have to do it. That is fine. We all know, there is not a person up here at this table on this side or probably in this room that doesn't agree that we have to do it. Our big question is, how are we going to do this?

I mentioned something, a problem that I personally have with the conservatives in the Republican party. To win them over, we have to go back to, as you mentioned, Mr. Poupore, go back to what is originally intended for bricks and mortar and streets and maintenance and bridges and new ones and maintain what we have now. That is when we had the surpluses. You heard in my opening statement that I said we have gotten away from that. I know it is very difficult, because there are a lot of things that are worthwhile projects that don't fall that into that category.

In reality, I think that if you add all of that up, with the exception of mass transit, it wouldn't be more than 3 percent. But 3 percent is all it takes on the Senate floor for someone to go there and talk about State capitol domes and museums and bike trails and all these things that are not, the American public, when they go to the pump and pay their tax, expect to receive.

Now, that might be what I will have to have to get the Republican support to join the Democrat support to get this done. I just would like to kind of put the mark in the sand now that we are going to have to start addressing it from that perspective, if we are going to be able to get conservatives to join in and recognize what is really important on here, and that is what we originally intended.

I started way back in the House, in the T&I committee, and then came to the Senate in 1994. So I have been involved in this for many, many years. I would like to have you comment on what you think about the idea, is if we were able to come up with a bill that merely had those things that, up until about 10 years ago, were considered good projects and worthy projects and allowable projects for funds from the national trust fund. Start with you, Mr. Poupore.

Mr. POUPORE. Senator Inhofe, to be honest with you, I wasn't aware that there were other things in the infrastructure bill that aren't real infrastructure. When I talk about infrastructure, I talk about roads and bridges and transportation systems and water systems and what it takes to compete. In the global economy. I would think that when you buy a gallon of gas, you would think that that is money that goes into the Highway Trust Fund.

Senator INHOFE. See, that is what the general public believes, until they hear someone on the Senate floor start talking about other things that have nothing to do with transportation.

Mr. POUPORE. I mean, I don't know all those specific issues, other than when I talk about infrastructure to my members, that I what we are talking about, the roads that we build and drive on and what it takes to get the goods to market.

Senator INHOFE. Well, I am using up too much of my time on that one. I think we are trying, I am getting my point across. For me to get something done, you have to help me, and I have to have support out there in saying, we want to get back to building roads and bridges. Yes, Mr. Dorey, we support that.

Mr. DOREY. I would like to comment on that. I think it is a very good question, and I think you raise, whether it is a real concern from the standpoint of how big it is, I suppose it is debatable. But certainly from a perception standpoint, it is a real concern.

Senator INHOFE. It is perception.

Mr. DOREY. I would encourage all of us to think about how we figure out what the right stuff to build is with the revenue that comes from, in this case our user tax revenue. It would be hard for me to defend a bike path. Having said that, if we have a congestion issue at a particular location, and the alternative is to tear down that interchange and rebuild another one to the tune of $100 million or whatever it might take, versus some other alternative that may not be made out of concrete or blacktop, maybe it is a public transportation alternative, and that is cheaper than tearing that interchange and doing it in the traditional way, it is hard for me to consider why we wouldn't consider that.

Now, that may be an altogether different question than how you fund it. I don't know. But we need to be smart about what we build. I think we are at a point now where we can't be wasting money just building stuff because we want to build it. We have to be building the stuff that brings the highest rate of return to our case.

Senator INHOFE. My time has expired. I want to say this, you are right, the problem there is perception. That is 3 percent, it doesn't make any difference, people think it is 90 percent. Remember the earmark debate out there? Everybody thought the earmarks were 99 percent of discretionary spending. They are 1 percent. So it is the perception. I don't want people to go out there and talk about something that is totally unrelated to transportation. That is my goal.

Last, the Chairman is right. She said that, she and I had an amendment, actually, to that stimulus bill. Three percent, you are right, Mr. Poupore. That is outrageous when you stop and think, if we could have had, if that up to 30 or 40 percent, and whether they are shovel-ready or not, we happen in Oklahoma to have enough stuff ready that we could get done, as you well know, Susan. Anyway, we are with you on wanting to do that. I would like to see, from the message last night, some action that we are actually, before we do anything stimulus, that we can turn as much of that into the very subject of this committee, I think it would be very helpful.

Thank you, Madam Chairman.

Senator BOXER. Thank you very much.

Senator WHITEHOUSE. Thank you, Madam Chair.

Madam Chair, we had a really terrific briefing under the auspices of this committee in Rhode Island last March to discuss the impact of the Recovery Act on our transportation infrastructure, with the participation of our Director of Transportation, Michael Lewis, who has been rehired by our former colleague, Senator Chafee, who is now the Governor, to stay in that position, which is good news, a real estate developer named Jeffrey Saletin, and the president of the Construction Industries of Rhode Island, Stephen Cardi. I would like to put the transcript of that hearing into the record, if I could have unanimous consent.

Senator BOXER. Without objection, so ordered.

[The referenced material follows on page 67.]

Senator WHITEHOUSE. One of the things that was significant, to echo the points that our speakers have made, the developer, Jeffrey Saletin, had a piece of property in Johnston, RI, that had been abandoned for decades. It was a decrepit old shopping mall. One of the reasons that the property was in disrepair was that the main access road to it was under-sized, rundown, the exit was unsafe, it made a very unappealing road frontage.

So with the assistance of the mayor of Johnston, Mayor Policina, we were able to get funding for that front improvement and behind that came tens of millions of dollars in private investment. What was an abandoned eyesore along one of Johnston's main routes is going to be developed into a very successful shopping plaza.

So I wanted to share that from the hearing, because it confirms what we are saying. This isn't about just putting picks and shovels and bulldozers and paving machines into the ground. It is about the follow-on effect when that infrastructure is present. I contend, as I think my colleagues agree, that we are woefully behind in this. My question for the witnesses is, what do you think is needed? What data points can you give us to become better advocates for what is needed to maintain and improve our current transportation system?

The data points that I have are these: DOTs conditions and performance report shows that about 53 percent of highway miles traveled by Americans are on roads that are in less than good condition; that almost 30 percent of our bridges are structurally deficient or functionally obsolete, and it is higher in the northeast, where I am from; that there is an annual investment gap of about $27 billion just to maintain our current systems, and if you look at improving them to meet needs of growth, then the investment gap is annually nearly $96 billion; that we are only spending 2 percent of our GDP on infrastructure, our competitors in Europe are spending close to 5 percent, and our main competitor, China, is spending close to 9 percent of its GDP on infrastructure. We are down 50 percent from the 1960s in terms of Investment as a percentage there of GDP.

So those are the data points that I have. I would love to have, in the 2 minutes that remain, those of you who have some additional data that can help us arm ourselves for this debate give us any further information on how far behind we are.

Ms. MARTINOVICH. Senator, thank you. I will be quick, a couple points. AASHTO does agree and supports the information that you just provided. On a more at-home, with Nevada, it is that almost

70 percent of the goods that come into this Country come in through the west coast, and then they travel across the western States into the east. So that is very particular for our infrastructure, and of the roads that the Department of Transportation owns. We carry almost 80 percent of that heavy truck traffic. And we are responsible for that.

So a lot of the western States are responsible for the interstates, Interstate 80, I–15 and the other roads. So for us to keep that going, we need the time and the money so we can make sure goods are traveling across the States and this Country. Thank you.

Mr. DOREY. I would direct you to my written testimony, it has some of those data points in it. In my oral presentation, I talked about what I think one of the most compelling data points is, and this is a California statistic, but I think it is relevant to most growing populations. California's vehicle miles traveled is growing 10 times faster than lane miles.

TRIP, which is a very respected third party transportation data organization, suggests that congestion costs the average American $750 per year in wasted time and fuel. Crumbling roads cost an additional $590, additional, in vehicle maintenance per year. Here is a really important data point: deficient roadway conditions contribute to more than one-half of U.S. fatalities. More than drunk driving, speeding, or failing to use seat belts. If this is anywhere close to being true, and it is not my statistic, if it is anywhere close to being true, we have a lot of work to do to keep America safe.

Senator WHITEHOUSE. Thank you. My time is expired.

Senator BOXER. Thank you so much, Senator.

Senator Lautenberg.

Senator LAUTENBERG. Ms. Martinovich, first, we all noted your family situation, you talked about your son having been injured. We all wish him a full and speedy recovery. That is one of the things that we have to contend with in our things that we are doing today, and that is to make sure that we take care of our veterans. As we would like them to come forward and serve, we want to make sure that if they do, we pay all the expenses necessary for them to come back in the same condition, at least, as they left. I am sorry to divert, but that is a topic that we have to deal with regularly.

The theme, obviously, runs through very quickly to jobs. To jobs. It seems to me that the transportation construction industry is one of those that has such an able work force, ready to go to work tomorrow if necessary. Where could we find a better investment for our future than in doing that? So the question I raise is, Mr. Dorey, where do you think the funds ought to come from to take care of the needs that you have all outlined that we have? You talked about funding.

Mr. DOREY. I think they should come from the users. How we extract those fund from the users and invest them in the——

Senator LAUTENBERG. Extract them is right.

Mr. DOREY. Yes. How we do that I suppose is open for a lot of debate. I have a point of view, I am not sure we have time to debate that. But I think it should come from the users.

Senator LAUTENBERG. Anybody disagree with that? Yes, where would you think, sir?

Mr. JOHNSON. I don't necessarily disagree. What I would say is that shippers are willing to pay their part. We have said that all along. We use the transportation, we depend on it desperately, we need a good infrastructure. So we are there, we are willing to pay our part.

Senator LAUTENBERG. Trucking industry——

Mr. JOHNSON. Trucking, shippers, manufacturers.

Senator LAUTENBERG [continuing]. Willing to pay their part.

Mr. JOHNSON. Right. We need increased productivity on our highways to keep our costs down.

Senator LAUTENBERG. Coming from New Jersey, our geographic structure puts us as a major course for traffic going north and south and vice versa. We have really heavy duty on our roads, truck traffic is enormous. It is very hard to keep up with it. Talking about allocation of funds, we look at it not just for our taxpayers to pay their share, because their share then includes lots of other traffic that is supporting our national well-being. How you do that is a serious problem.

The Federal Commission has recommended the creation of a national freight transportation program. Current Federal investments have largely focused on highways and aviation to move our freight. Very little investment really in rail or port infrastructure. Might a focus on what we can do to improve those facilities make a difference in relieving the present structure of some of the traffic problems that would cause the deterioration and meet the construction that we seek?

Ms. MARTINOVICH. Senator, I think that they would. But the transportation system has to act as a system, that everything works together. The roads can be designed to help with the transit, and get people in buses, if there is reliability. The goods and movement can happen through rail or through the ports and other ways. So it needs to act as a system and work together.

So if you improve one, I think there is benefit in the whole picture.

Senator LAUTENBERG. Might a separation of freight and faster traffic on the roads make things easier to work with and more efficient?

Ms. MARTINOVICH. Yes, sir.

Senator LAUTENBERG. Mr. Dorey, you talked about the current design, and not really facing up to the problems or the opportunities that you have out in the future. We talked about technology and almost driverless cars on the road, and making more efficient use of the highways. I don't know quite how you do all those things. But one thing I do know, I was a commissioner of the Port Authority of New York and New Jersey before I came to the Senate. My focus there, and I used to run a company called ADP, and we had a lot of traffic out there delivering payroll checks. There were constantly, even in those days, and I don't want to tell you how far back it goes, you will think I am talking about horse and wagons, but the fact of the matter is that what we saw 50 years ago in terms of traffic congestion has not changed, only to worsen.

So thank you, Madam Chairman, for this discussion. The witnesses were very good. The common theme, jobs, get to work, get America going again, is a very important one.

Senator BOXER. Absolutely. Thank you, Senator Lautenberg.

Senator Cardin.

Senator CARDIN. Madam Chair, thank you for conducting this hearing. I would ask consent that my opening statement be made part of the record.

I want to thank all of the witnesses. I strongly agree with the consensus here that we need to get a surface transportation reauthorization enacted, it needs to be long-term, it needs to speak to the investments that are necessary and it needs to be adequately funded. So I support strongly the general consensus.

I just want to take issue with Senator Inhofe's explanation of what he calls the 3 percent. Mr. Dorey, I want to agree with your comments about, we need to look at multi-modal transportation in the discussion. We have to be more efficient in the way that we design the transportation infrastructure for the future. Yes, the overwhelming amount of dollars that are going to be authorized are going to be for traditional types and modes of transportation, whether they be roads or whether they be bridges, or whether they be conventional transit issues that we have confronted in the past.

But we need to look at smarter ways. I think your example of the interchange is exactly right. I live in Baltimore. We are looking for ways of connecting the waterways of Baltimore with our transit. That may be seen by Senator Inhofe in that 3 percent, which has me concerned. Because we believe we can save considerable money by bringing people into Baltimore through our waterways, rather than building another transit line or another major highway.

So I think we need to take a look at ways that we can connect and be more efficient. Baltimore was designed by Olmsted. And he connected communities through green space. We are looking at ways of trying to connect communities again so they don't have to use our roads, so we don't have to build as many roads. To me, that saves money in our transportation, and it is the right investment for our Nation.

So Madam Chair, I just really want to make a point. I think every dollar that we authorize has to be spent efficiently and appropriately for transportation in this Country. But let us not be afraid to look at alternative ways that can save money, create jobs, and then have more dollars available for the expensive projects that we know we need to build, such as high speed rail, that is going to be necessary to connect our cities. We have to do this in a more cost-effective way.

I want to thank Senator Inhofe for getting me excited about this bill, and have more conversation about it. But I hope that we do look for creative ways. I think the witnesses here have really added to this debate. I thank you for the constructive manner in which you have presented this. Mr. Poupore, I think the numbers you gave on employment, I am going to agree with Senator Inhofe, I think we can't visualize how many Americans have been adversely impacted because we don't have construction going on, and how important construction is to the economy of America. If we can get our economy back on track, believe me, we are going to have a lot more opportunities to build the infrastructure we need for the future.

So I found the hearing very helpful, Madam Chair, and I thank you very much for calling it.

[The prepared statement of Senator Cardin follows:]

STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Good morning Madame Chairman, Ranking Member Inhofe, Members of the committee and our panel of witnesses. It's great to be starting another session of Congress and immediately launching into matters concerning authorizing the next surface transportation bill. This must be a top priority for EPW, Senate Banking and Commerce Committees, and for Congress on the whole.

The focus of today's hearing on the correlation between transportation and job creation and economic growth is precisely why authorizing a new transportation bill must be done soon. Fast and efficient intermodal transportation systems, both figuratively and literally, drive our nation's economy. Better development of a seamless intermodal transportation network is critical to sustained economic growth and keeping America competitive in an increasingly globalized economy.

Most of our witnesses here today can testify to the job creation potential that lies within the transportation infrastructure construction itself. Without a doubt, road projects create important domestic jobs that need to be restored to our economy.

However, I want to highlight the bigger role transportation plays in fueling domestic productivity and economic growth, with a focus on maximizing the efficiency of transportation system to best serve residential and commercial communities.

Travel delays on congested roads and highway have tremendously negative impacts on lost work hours, worker productivity, and commercial logistics. This is especially true in urban and suburban communities where freight, commercial personal transport all mix together to create enormous traffic jams affecting everyone involved.

Improving the overall functionality of our complete transportation system is what it means to improve the "livability" of our communities, because being stuck in traffic for 2 to 3 hours a day, is no way to live. This is an unfortunate reality for all too many communities, the Greater Washington Metropolitan Area being one of the worst, stemming beyond mere inconvenience, into being a genuine drain on our economy.

Freight transport in Maryland is a perfect case-study for why developing livable communities, emphasizing multi-modal transportation options, is important to our Nation's economy. It also demonstrates the interconnectivity of all transportation sectors.

The Port of Baltimore is an enormous economic engine for Maryland and the entire eastern half of the country. Annually, the Port handles 47.5 million tons of domestic and imported cargo, valued at $45.3 billion. The efficiency in which the cargo moves in and out of the port is largely based on how congested the highways and railways are around Baltimore, which is directly affected by the number of cars on the road.

Maryland's consolidated transportation plan takes a comprehensive approach to developing the state's transportation system and not developing the modes separate from each other. This interconnected approach helps improve efficiencies across the board.

For example, Maryland's plans to develop new transit lines in Baltimore, in between Prince George's and Montgomery Counties inside the Beltway, in Northern Montgomery County are designed to provide increased transportation options for the large and growing commercial residential communities.

Improving transit in these communities will provide a faster and more reliable transportation option for people to use to get to and from work. Getting more people to use transit systems will alleviate congestion on area roads and highways which will improve the shipment and delivery of goods to regional markets.

The creation of new jobs in the transportation sector will result from working to meet national transportation goals designed to improve transportation efficiency.

Improving local and regional transportation systems at the micro level will have tremendous economic benefits at the macro level. Making these improvements starts with this committee and our colleagues on the other Senate Committees we must work with to put together the next transportation bill.

While investments in transportation infrastructure are required for the U.S. to remain competitive in our global economy, the Federal Government's role extends beyond these investments to Federal transportation and energy policy.

In prior hearings, we've heard that we need to get people out of their cars and into fast, convenient, and reliable mass transportation systems. That will take a major investment. Such an investment improves the quality of our travel and supports the increasing demands that commerce places on the roads and railways of our country.

This required investment is not for convenience but is a necessity to help our Nation's economy to continue to grow in the longer term.

It is my belief that Federal investment in public transportation should be a national priority. Our nation receives extraordinary public benefit from mass transportation systems. These systems take thousands of cars off our congested highways. Transit takes tons of pollutants out of the air we breathe and moves people efficiently into and out of our most important commercial centers.

Congress must encourage smart growth through funding transit-oriented development with upgrades to transit facilities, bicycle transportation facilities, and pedestrian walkways.

Congress should create Federal tax incentives for employers who provide telecommuting to their employees. Telecommuting has successfully reduced traffic and energy use, and the EPA reports that if just 10 percent of the nation's workforce telecommuted just 1 day a week, Americans would conserve more than 1.2 million gallons of fuel per week.

I look forward to hearing from our witnesses, and to working with my colleagues on this committee and with our colleagues on Banking and Commerce to define the appropriate role the Federal Government should have in our Nation's surface transportation system and to identify and address our national surface transportation investment needs as a means of improving economic growth.

Senator BOXER. Thank you.

Senator Baucus is next. I just want to say how happy I am to see him here. He has such a heavy workload as Chairman of the Finance Committee. I want to work so closely with him. He has the tough job, essentially, of trying to figure out new ways to fund the Highway Trust Fund. We are going to work very closely with him and lighten his load on that, this committee will.

STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. Thank you, Madam Chair. We have together a tough job, getting all this put together.

Thank you very much for holding this hearing. Just a couple of points here. One is the obvious, namely, this is a non-partisan issue. We are all in this together. Sometimes that is an overworked word, working together, but that is clearly true in this case. There is great strength and synergy in working together. I compliment all of you for making that point very clear and encourage you to keep it up, I know you will, and remind people that you are working with of that very phenomenon. This is totally non-partisan.

Therefore, it is an opportunity for us here in the Congress to make very significant headway, plow ahead, well, maybe some of these issues are partisan, this is one that is not. So let's get going here, let's get the funding we need and the programming we need and maybe even set an example. That might be a bit too ambitious, but at least let's try to take advantage of the opportunity.

Second, and these are just random points, I would remind us all, in States like Montana we are also very much a part of all this. We are a rural State. We have more, I think, we have more Federal highway miles per capita than any other State in the Nation. We are a highway State. This may sound strange, but we love our highways. A, we need them; B, we have a beautiful State, we like driving our roads from one town to another. Billings to Bozeman to Missoula is just gorgeous scenery. I try not to offend my col-

leagues, it is not like driving in some other States, but it is driving in a very beautiful State, we really like our highways and need them.

In addition, I might remind everyone that most truck traffic in Montana does not originate or end in Montana. We are somewhat of a through State. Ms. Martinovich alluded to that, I–90, I–15, a lot of trucks go through our State. Therefore, those folks on the west coast through east coast and mid-America depend heavily on having very good highways. In our State, too, so there is less damage to the vehicles and so forth, and we can move very quickly.

These are wonderful people, folks who work construction jobs. I one day a month work at some job at home, wait tables all day long, show up at 8 in the morning with a sack lunch, I have worked in highway jobs, hospitals, what-not. I have had six or seven highway jobs in the last couple of years. I have operated all kinds of equipment, made a lot of mistakes on that heavy equipment. Been at the working end of an idiot stick, lot of shovel work and so forth. But they are just wonderful, wonderful people, the heart and soul of America, these men and women. They are not complaining, through a lot of hard work in all kinds of conditions. It is important to keep that in mind as well.

The points that you made, Mr. Johnson, are so, so obvious and so important, about the just-in-time inventory, and that it is so important for American businesses so they can get their inventory right there, they have to be very efficient.

My main point here is that we have to create an even greater sense of urgency than we have thus far. This is serious stuff. The President touched on it in the State of the Union message last night, when he mentioned the importance of a good infrastructure system in America. Not only in absolute terms, but also on a comparative basis, compared with what other countries are doing. I don't know how many of you have seen the Chinese interstate system, China is constructing 55,000 miles of interstate. We have about 44,000 miles in America.

I have been on those highways in China. I was amazed, I got off the plane in Chongqing, Central China, a couple of years ago. First of all, at the airport, it was one of the most modern airports I've ever seen. It blew me away. Our counsel in Chengdu, not so far away, was quite upset that no American company bid on that airport. German companies did, but not American. Those jobs were over in China, but still those could be a lot of American jobs, too.

Then I drove on a highway. This was one heck of an interstate. It was big. There are 33, 34 million people in Changqing area. Its fancy hotels, and the highways, that is just one location, one country, and the President basically alluded to this last night when he said, it is essential to the economy, this is where we build a highway. Katie bar the door, doesn't make any difference what communities we plow through, that is where we build these highways. We can't do that in this Country. But we still can maintain, upgrade, and build a much better system.

So we can be the envy of the world like we were when we built the interstate. We were it, in America. Well, it is an opportunity for us to be it again. That raises questions about financing. We all know the problems and the plight of the trust fund, the user fees

and so on and so forth. I strongly encourage you to light a fire under yourselves and your membership, and find really creative ways to figure out how we can use the same financing mechanisms and find some new ones. We have to have additional dollars somewhere, just by definition, or we are going downhill. Maybe some borrowing mechanisms that you have in mind, in addition to the usual user fees.

I am reminded too, this is not totally on point, we had an earlier transportation bill, wasn't too many years, it was a good number of years ago, where we got that additional 4.3 cents, it was transferred from the general fund to the trust fund. That gave us extra money. That was the second to last major bill. Robert Byrd went around and got all the main groups in a room.

There were about maybe 20 or 30 people. He went around the room and he talked to each person. He started with, figuratively, representatively, you, Mr. Johnson, OK, Mr. Johnson, you tell me what you and your organization is doing to get this bill passed. You tell me right now. He went all the way around the room, each person. He said, I am going to invite you all back here in 2 weeks and I am going to ask you again what you have done in the last 2 weeks. He did it. I was in the room. I was very, very impressed, as a way to help gin things up.

We are here to pass hopefully good legislation. But we work for all of you and we are the representatives for the people who elect us. We need to get you all fired up even more, so that this is put more on our front burner rather than our middle burner or back burner. I am just issuing this challenge, because you have a very sympathetic committee here, very sympathetic, and we want to help out.

I tell people sometimes that work for me, I don't want to have to kick you, I want to have to rein you in. Make me rein you in, not have to spur you, make me rein you in because you are doing too much. That is my challenge is to make us get to the point where we have to think about maybe reining you in, because you are doing too much.

I just thank you so much, Madam Chairman, for this hearing. It is so important, it is so needed. There is such a sense of urgency here. I stand ready to work with you to do all I can to get this accomplished.

I have a lot of things to say but that is the main point. I hope we have a good followup hearing. What I might do, now that I am thinking about it, maybe we can call each of these wonderful people back and ask them at this hearing, what have you done? What is the progress report? How many more people are lined up to do what? What are the benchmarks, what are the data points? Names, dates and places, that kind of thing. It may or may not work, Madam Chairman. You are the chairman, that is your decision. I am just trying to help find ways to get us moving along.

[The prepared statement of Senator Baucus follows:]

STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Madam Chairman, thank you for scheduling this hearing on the significance of transportation to our overall economy and to job creation.

The president touched on these things in his State of the Union address.

Another president from Illinois, Abraham Lincoln, once said:

"The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot so well do for themselves—in their separate and individual capacities."

That is the Federal role in funding roads, highways and bridges. In the 20th Century, that perspective enabled us to build the world's leading transportation network, with Federal leadership.

As I have said numerous times, rural areas rely heavily on the Federal-aid highway program.

My home State of Montana is a highway state. In fact, we like to say Montana is like one big neighborhood with really long streets.

The one thing we know for sure in Montana is that our transportation system serves us all.

Our roads serve Democrats, Republicans, Independents and everyone in between. I urge my colleagues to recognize that we can unite around this issue because not only does our transportation system cross county and State lines, it reaches across party lines.

Most of the highway users in my State aren't even actually from my State. Data from the Federal Highways Administration shows that 62 percent of all truck movements in Montana neither originate nor end in Montana. That figure is almost 20 percent higher than the national median for states. It shows how interconnected our economy is—regardless of State borders.

Montana relies on federally funded roads for its tourism industry where 90 percent of our non-resident tourists enter the State by car during Summer.

We also need good roads to transport beef, wheat, oil, gas and other products to distant sites across the country and to coastal ports for trade with far-off places like Latin America and Asia.

According to University of Montana economist Patrick Barkey, that export economy is precisely where Montana is best positioned to achieve growth in the near future, which simply wouldn't be possible without reliable infrastructure.

Our national network fostered innovation such as "just-in-time delivery" and "supply chain management" that provide great convenience to American businesses and consumers.

But, as we learned during a hearing on Global Competitiveness in the Transportation and Infrastructure Subcommittee, places like Europe, China, India, Brazil and other areas have recently dedicated great resources to establishing and upgrading their own infrastructure networks.

This has enabled those countries to achieve considerable growth of their own in the 21st Century, while capitalizing on those farm-to-market, just-in-time, and supply chain management innovations.

We clearly need to do more. National unemployment in the construction sector remains dangerously high at almost 20 percent. Where Montana's economy remains weak is also in the construction sector.

Applying the Federal Highways Administration metric—where one billion dollars in Federal-aid highways money creates or supports more than 34,000 jobs—there are more than 18,000 jobs in Montana depending annually on our Federal highways program. Transportation funding under the Recovery Act supported approximately 5,000 more jobs in Montana.

Still, employment in Montana's construction sector has seen a 35 percent decline in employment since 2007, even with the influx of Recovery Act funds.

Incidentally, I was especially struck by the House Transportation Committee's report that Ms. Martinovich highlights in her written testimony where construction projects under the Recovery Act saved us more than $800 million as a nation in unemployment checks.

We have an opportunity to work together to create jobs TODAY—and build a better way for our kids and grandkids to navigate the Nation for tomorrow. To win the future as the president said. We may not do it all with this bill, but this bill is the start.

My bosses in Montana expect us to work together and help create jobs.

As I see it, perhaps there is no other better issue area that we can truly come together regardless of party politics and work toward our goals of creating jobs.

Transportation investments help us to do both while leaving our nation in better shape for future generations.

This is the year to pass a Highway Bill. Our economy needs it.

Senator BOXER. Well, let me respond first of all, your words are music to my ears, because I am a big believer in working with the stakeholders. As a matter of fact, the extension that we got done

together, the last time, I would just like to say, would not have gotten done without all the help of the various organizations, including the Chamber of Commerce, and the unions and everybody working together to push that extension through for a longer period of time. Because there was some talk of just doing an extension for 30 days or 60 days.

So I am a great believer in the Robert Byrd-Max Baucus idea of working together. We know what to do here inside the Senate, but we need to have people on the outside helping us tell our colleagues, because they are not necessarily, they are busy on their committees.

I think, if I could say, Raymond, your eloquent, all of you were eloquent, but this notion of how many stadiums, Super Bowl stadiums? Twenty Super Bowl stadiums full of unemployed construction workers.

Senator BAUCUS. In my State, it is a 35 percent decline since 2007.

Senator BOXER. We do have, and Bettina is reminding me, we have a bipartisan meeting planned with all of the groups, Boxer-Inhofe are calling it. So we are already on it.

What I love about being in the Senate is hearing different expressions from different members from other parts of the Country than mine. I have never said, I am going to rein you in or spur you on. But that is something I might do now in the future.

Senator Baucus is right. This is so critical. We cannot afford to pass up this opportunity. We need a multi-year bill. It has to be robust. We have to strip out things, I agree with Senator Inhofe in general. To me a bike path is a way of transport. A lot of my people use it to get to work, I will tell you that right now.

But there are other areas, if there are museums in this bill or other things somehow, that is not right. So I have already asked my staff to go through the old bill and circle any of these things, even if it is a small amount, we can't do that. This has to be an infrastructure bill. Safety is included, there are other things we can do, but they have to be all related.

Let me ask unanimous consent to insert statements in support of action on the transportation bill from the following organizations, which will also be called in and be sitting around the next table: American Society of Civil Engineers; the American Concrete Pavement Association; the Asphalt Pavement Association; the Ready-Mix Concrete Association; Stone, Sand and Gravel Association; Portland Cement Association and American Association of Port Authorities. I will do that.

[The referenced material follows on page 83.]

Senator BOXER. I wanted to just take a moment, a very swift moment to say, welcome to Randall Iwasaki. Where are you, Randall? We are so happy you are here, executive director of the Contra Costa California Transportation Authority. We are very happy to have you here.

We are fired up and ready to go on this and we need all of you to help us. So we are looking forward to further hearings.

Thank you. We stand adjourned.

[Whereupon, at 11:30 a.m., the committee was adjourned.]

[Additional statements submitted for the record follow.]

STATEMENT OF HON. MIKE CRAPO, U.S. SENATOR FROM THE STATE OF IDAHO

As we talk about national transportation issues, we must ensure that Federal legislation continues to distribute highway funds in a way that recognizes that there is an important national interest in transportation investment in and across rural states, not just in more heavily populated areas.

I'd like to point out a few of the many advantages there are to investing in rural states. A good transportation infrastructure provides resources allowing people to move safely and efficiently to school, work, around town. It also facilitates the relationship between the farms, factories and distribution centers and their consumers by getting product into stores. Rural states often serve as a bridge for truck and personal traffic between states, thus advancing interstate commerce and mobility, a factor which has become increasingly important with the abandonment of many rail branch lines. Finally, it enables people and business to traverse the vast tracts of federally owned land and provides access to the scenic beauty in our State and elsewhere.

Rhode Island Department
of Transportation (RIDOT)

8

Oral Statement

Testimony on the

RECOVERY ACT INVESTMENTS IN RHODE ISLAND: CREATING JOBS, PROTECTING OUR ENVIRONMENT, AND UPGRADING INFRASTRUCTURE

Before the

Oversight Subcommittee of the
U.S. Senate Committee
on Environment and Public Works
Monday, March 29, 2010

Michael P. Lewis
Director
Rhode Island Department of Transportation

Chairman Whitehouse:

Good morning, my name is Michael Lewis and I am the Director for the Rhode Island Department of Transportation.

I am pleased to be here today to share some of our successes resulting from the American Recovery and Reinvestment Act (ARRA). Even before the passage of the ARRA legislation, we started to develop a plan to take advantage of this great opportunity. We had numerous projects that were "ready to go" or "shovel ready" but lacked funding to move forward.

As the idea progressed, we took steps to hit the ground running. We positioned ourselves to be ahead of the curve and beat all deadlines for authorizing funds. All 62 ARRA projects have been authorized totaling over $137 million or 100% of the highway funding provided. Currently 45 construction contracts have been awarded totaling $84 million. Notice to Proceed to start construction has been given to 45 contractors. Rhode Island companies took full advantage of this great opportunity. In fact, 34 of the 45 contracts or 75.5% have been awarded to local companies.

As of the end of last month (February 2010), $50.2 million has been spent on ARRA projects (Contractors $40.4M, Traffic Control $2.2M, RIDOT Oversight $7.6M) and approximately 1,925 workers earned about $10 million in wages. Expenditures by the end of 2010 are expected to reach $100 million.

As you know, this program was modeled to create jobs to boost the economy, but equally important, it helped to reduce a backlog of much needed infrastructure improvement projects. With one of the oldest systems of roads and bridges in the country, it is vital that we keep our roads and bridges maintained as our transportation infrastructure is the backbone of our economy.

As you know, transportation infrastructure needs far outweigh the available resources nationally and the same holds true for Rhode Island. We are looking at alternative funding sources to address this need. As part of the Governor's Blue Ribbon Panel on Transportation Funding, we developed a list of needs to:

- Repair and maintain roads and bridges
- Provide alternative modes and protect the environment
- Complete projects important to cities and towns

We are moving forward with one of the initiatives from the Panel by introducing legislation to toll the Sakonnet River Bridge. This would not only be important for cities and towns but the whole State of Rhode Island as we could use the toll revenue to establish a bridge improvement program. Within 10 years RIDOT could eliminate the structural deficiency of 70 percent our 161 ailing bridges.

We were fortunate to address some other bridges as part of our ARRA program. In fact, we invested $15.5 million of stimulus dollars to repair the Dillons Corner Bridges in Narragansett, Industrial Drive Bridge in Providence, Wyoming Bridge in Hopkinton and replace the Chestnut Hill Road Bridge in Glocester. With the hopes of a second stimulus package, we are preparing to move forward with other funding opportunities, with an emphasis on our major bridge projects, such as the Providence River Bridge and the Providence Viaduct.

Last month, the nation marked the one-year anniversary of the signing of ARRA. It is interesting to note that the American Association of State Highway and Transportation Officials (AASHTO) recognized Rhode Island as of one of the prime examples of ARRA success in its report entitled, "Projects and Paychecks: a One Year Report on State Transportation Success under the American Recovery and Reinvestment Act." We celebrated this success here in Rhode Island by issuing our own report, "Putting People to Work."

I would like to close by stating – Putting people to work works for Rhode Island.

Thank you.

Respectfully yours,
Michael P. Lewis

REMARKS BY JEFFREY SALETIN

MARCH 29, 2010

Good morning ladies and gentlemen, and thank you for inviting me here today to tell you my story about how the use of funds from the American Recovery and Reinvestment Act – the stimulus bill – has had a very positive impact on job creation and the revitalization of a commercial property that has been underutilized for a very long time.

For the past 30 years, I have been involved in the business of real estate development and management. One of the specific areas on which I have focused is the redevelopment of "distressed properties" – properties that for one reason or another have not been fully utilized, or have not been occupied at all. I try to find these properties; address the reasons for their lack of success; improve their function and appearance; find new tenants; and generally reposition the properties for success in a very competitive world.

It's hard work, and it's not always successful. However, one of the keys to success is when state and local governments recognize the importance of our efforts to local communities, and try to provide assistance when they can.

The reasons why properties may be distressed are numerous. Often, several reasons combine to create a distress situation. These reasons may include poor management, poor economic times, demographic shifts and the like. One important reason for underutilization of properties that the public often ignores is poor infrastructure: even if a property is in a good location, and even if the property owner is hard working and sophisticated, a property may not be able to reach its full potential if the means of access to the property make it inconvenient for the public to come to the property and use the services that are provided there.

In my search for distressed properties, I first focused on the former Westgate shopping center in 2007. The Westgate – formerly the home of a Stewart's department store and several smaller stores – is situated on Hartford Avenue – Rhode Island Route 6a – in Johnston. It's just minutes away from the corner of Atwood Avenue – 300 yards from the Johnston town hall and town center, and ½ mile from the Hartford Avenue exit of Route 295.

When I first looked at the property, it had been mostly or completely vacant for 18 years. Naturally, I wanted to learn why the property had fallen on such hard times.

The property was controlled by a very large and successful real estate developer, so poor management likely was not the problem. Certainly, we're now in difficult economic times. However, the property had remained vacant for a very long time – both in good times and in bad. The property was well situated – close to both the center of Johnston and an important highway.

Finally, I realized that a critical problem was the road infrastructure itself, both in general and specifically with regard to access to the site. Although Hartford Avenue is a substantial artery, it was undersized, it had become run-down, and it was not an appealing route for potential customers. Also, it would be difficult for customers to enter and exit the site. In sum, the site was not attractive to tenants, because they knew that road conditions would make it difficult to attract the volume of customers that would be needed in order to create a successful business.

Here's where the American Recovery and Reinvestment Act and the Rhode Island Department of Transportation came in: the DOT developed a plan for improvements to Hartford Avenue that would help to alleviate the conditions that were preventing the property from being renewed into a vibrant commercial site. However, as with so many of the important projects in this state, there just wasn't enough money to pay for the work that had been planned.

At least, that was the case until the involvement of the American Recovery and Reinvestment Act. $3,400,000 of funds from the stimulus bill has now been made available to finance the Department of Transportation project. The work has started, and we expect that the work will be completed in October of this year.

When the work is completed, there will be new curbs, sidewalks, utilities and paving on Hartford Avenue from route 295 to Atwood Avenue. Through our contribution of portions of the site to the Department of Transportation, there will be a new entrance to the site and there will be new turning lanes into the site, with a traffic signal aligned with the new entrance and with the Shaw's supermarket directly across Hartford Avenue. Finally, there will be a new right-turn-only exit from the site, turning onto Hartford Avenue toward town hall and the town center.

With this package of improvements in progress, we have begun to attract potential tenants, and we have begun to position the rebirth of the property. We have completed negotiations for a branch bank building. We are also working toward negotiations for a 60,000 square foot anchor tenant, two restaurants or retail stores, and a 100-room limited service hotel. In sum, starting this summer and continuing over the next 3 years, we hope to redevelop the old Westgate shopping center into a thriving multi-use complex. The investment of $3,400,000 of stimulus funds will help us to invest about $28,000,000 in the first phase of our project, and a total of about $40,000,000 by the time that we've completed our work.

Naturally, this will help the residents of Johnston and surrounding towns, by providing additional retail and service establishments. More important, as we redevelop the property, we'll be providing more jobs. We project that our development will provide over 375 temporary jobs during construction and over 450 permanent jobs. These are jobs that will provide income that can be spent in support of both the new businesses in our development and the other businesses in and around Johnston.

I can't say that this bright future is the result solely of the funds made available by the stimulus bill. Certainly, Mayor Joseph Polisena's hard work with the Rhode Island Department of Transportation – and the encouragement and assistance given to us by him and by the members of his administration, other officers of the town and the dot and its staff – have been critical. However, I can say that these funds have been a crucial part of our redevelopment program. Without them, we simply wouldn't be in the very positive and hopeful position that we're in now. In fact, the project would not have started at all.

Thank you again for inviting me to address you this morning.

Senate Sub-Committee Testimony
March 29, 2010 @ 11:00 A.M
RIDOA – Conference Room B

Senator Whitehouse:

My name is Stephen A. Cardi, II, Vice President of Cardi Corporation and President of CIRI, commonly known as the RI Road Builders.

Thank you for allowing me to speak to you today on the subject of the Highway Program and the ARRA Program. Of course, this subject is near and dear to my heart given that we are one of the major southeastern New England contractors whose livelihood is directly affected by decisions you make in Washington for the Highway Program in Rhode Island. While the debate rages on in the hallowed halls of the Senate we toil on a daily basis to keep our

employees, working without the federal funding from Washington we would be struggling at best.

One unique thing about our industry is that every dollar vested approximately $7.00 is put back in the economy. We also have a unique industry where for every dollar spent, as an investment in infrastructure in the Highway Program yields a public asset worth much more at the end of the project.

Cardi Corporation was founded in 1967 but the company history dates back to 1905 when my great-grandfather founded A. Cardi Construction Company. My grandfather then began another business in a partnership which was named Campanella & Cardi Construction Company. Campanella & Cardi performed highway and heavy construction from what was then Loring Air Force Base in Maine to work in Florida. He had over 1,000 employees back in the 1950's and was one of the largest construction companies in the country. Some

of the projects that we built were the entire Mid Cape Highway in the early 1960's, much of the new Route 95 back in the 1960's and Route 295 and several other major projects up and down the eastern seaboard. Those projects also included the approaches to the Baltimore Harbor Tunnel, some of Route 93 in New Hampshire, Maine Turnpike and many more. My father and my uncle then started Cardi Corporation in 1967, as I mentioned, and we have since grown to have completed many high profile projects in the southeastern New England area. Some of those include the Central Artery in Boston, almost every project of the River Relocation Memorial Boulevard revitalization of Providence, Blackstone River Bridge, new Route 99 in Lincoln/Woonsocket and many others. We also had the privilege to work on many high profile projects in Connecticut and Massachusetts and have been able to stay closer to home than my grandfather did.

The company also maintains an asphalt plant and two concrete plants in Rhode Island. We also run a major quarry in Rhode Island and an operation in southeastern Massachusetts. We feel we are fairly vertical integrated company that can handle most any project.

A little bit about my personal history in the industry starts back, let's say I am 50 now, so forty-nine years ago because I just couldn't pick up the shovel before that. I spent quite a bit of time with my grandfather and father going to all of the projects we built as a young man and always knew this industry is where I wanted to be. In fact it sometimes funny on my mother's side I think, because I am a direct descendent of the Pilgrims, that I might be a decedent from the first builders that ever stepped foot on our land. So I guess you can say it is in my blood from both sides. I have enjoyed every facet of the business and I find the thrill and satisfaction of being able to build the infrastructure that the public will use for generations to come. It

makes me strive to work harder and to accomplish greater things. I want to leave my child a world a little better than when I got here and for her to be able to enjoy the infrastructure required to lead a prosperous and healthy life is certainly a worthwhile goal.

As I mentioned, some of our most recent past projects include almost all of the contracts to Relocate the Route 195 Interchange including the floating of the signature Providence River Bridge up the bay from where it was built in Quonset. Another project we did in Rhode Island recently was the entire Route 403 connector highway into Quonset and obviously the fruits of that labor are culminating with the apparent location of the new Deep Water Wind turbine construction facility. We also have worked on almost every road in Rhode Island including three airports and have done much of the major work on the air-side and land-side of the TF Green Airport. Many of those projects were funded through various sources

including the GARVEE Funding System which the Department had the foresight to institute. I fear that most of the great work done the past years would not have been accomplished without that funding mechanism. We have completed two ARRA projects to date. They were Rhode Island Contract 2009-CH-060 – Reclamation of Route 138 which is a $2.3 Million Dollar project and Rhode Island Contract 2009-CH-039 – Resurfacing of Route 246 in Lincoln is a $1.4 Million Dollar contract. CIRI members either have constructed or are constructing 59 projects at a value of over $135 Million Dollars to date. Those projects enabled us to keep many people working who would have been laid off due to lack of work.

The current projects Cardi Corporation is working on include the completion of Route 195 Interchange Project and the new Sakonnet River Bridge. As I am sure you are aware is a new $164 Million Dollar bridge replacing the old Sakonnet River Bridge is a major project. We

also recently were low bidder on an ARRA funded project which is the Contract 2010-CH-013 – Improvements to Route 91 – Contract 2 which is a $2.3 Million Dollar project. We also have several smaller projects around the state funded with normal funding sources. Additionally, we have also been awarded two projects outside of Rhode Island which are funded with ARRA money working directly for AMTRAK on the northeast corridor. Those projects, while not the size of the Sakonnet River Bridge project, are significant, and are being constructed today.

The importance of our industry and the number of families we help support is evident to the good solid wages our industry enjoys. At Cardi Corporation alone we employ several trades. These include anywhere from 55 – 65 Teamsters with a base rate of $26.26 and benefits of $14.40 for a total package of $40.66 per hour, 80 – 90 Operating Engineers with a base rate of $28.05, benefits of $19.30 for a

total package of $47.35 per hour, 30 – 40 carpenters with a base rate of $30.03 and a benefit package of $23.84 for a total of $53.87 per hour, 170- 180 Laborers with a base rate of $25.35, a benefit package of $17.75 for a total package of $41.10 per hour. We employ many other trades, as well as management and administrative staff to the total of 500 – 550 people. Our industry creates jobs and opportunities for people of all socioeconomic backgrounds. Without continued funding, be it from the Highway Program or the ARRA funds, these good, high paying jobs would be lost.

The projects currently advertised by RIDOT for bidding appear to be all ARRA funded projects (see attached). It is obvious that with the stimulus money we would not have many projects to bid in Rhode Island.

The future of highway infrastructure funding is, of course, a major concern of our company and CIRI as a whole. Without funding

continuing at least at present or increase levels, we will have a devastating effect on a $300 Billion Dollar industry. A good example was the recent shut-down of the Federal Highway and the furloughing of employees due to a lack of funding. Imagine that happening on a universal basis to both sides of the industry. I cannot imagine the loss of productivity and jobs that would result.

We would like to see more stimulus dollars spent on highway/bridge infrastructure projects and the long-term reauthorization of the Highway Program as soon as possible. I know that I do not understand all of the political posturing that occurs in Washington but I do know that when money is spent on highway construction infrastructure the return on investment is such that the public ends up with an appreciating asset. I do not know many other investments that give a long-term return of the taxpayer's money.

Again, I am certainly honored to be able to speak to you today and Cardi Corporation and CIRI certainly hope that further stimulus funds are appropriated to our industry and that the highway reauthorization process will soon be completed and funded.

Thank you.

ASCE
AMERICAN SOCIETY OF CIVIL ENGINEERS

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 Transportation's Role in Supporting Our Economy and Job Creation

United States Senate

Committee on Environment and Public Works

January 26, 2011

The American Society of Civil Engineers (ASCE)[1] would like to commend the Senate Environment and Public Works Committee for holding a hearing today on how surface transportation investment can be a key factor for continued economic recovery and job creation. The Society is pleased to present to the Committee our views on investing in the nation's infrastructure.

ASCE's *2009 Report Card for America's Infrastructure* graded the nation's infrastructure a "D" based on 15 categories (the same overall grade as ASCE's 2005 Report Card), and stated that the nation needs to invest approximately $2.2 trillion from 2009 – 2014 to maintain the national infrastructure in a state of good repair. This number, adjusted for a 3% rate of inflation, represents capital spending at all levels of government and includes what is already being spent. Even with the current and planned investments from federal, state and local governments from 2009 - 2014, the "gap" between the overall need and actual spending will exceed $1 trillion by the end of the five year period.

In the *Report Card* the nation's surface transportation system included roads receiving a grade of "D-", bridges receiving a grade of "C", and transit receiving a grade of "D". With nearly one-third of roads in poor or mediocre condition, a quarter of the nation's bridges either structurally deficient or functionally obsolete, and transit use increasing to its highest levels in 50 years it is not hard to see why the nation's surface transportation system is in a state of critical decline. Additionally, in order to bring just these three surface transportation categories up to an acceptable condition would require a five year investment of $1.2 trillion according to ASCE estimates. 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 the process of developing a comprehensive multi-year surface transportation authorization bill, and as President Obama discusses the administration's hope to invest $50 billion on the nation's infrastructure, our roads, bridges, and transit systems continue on in a state of decline. The total of all federal spending for infrastructure has steadily declined over the past 30 years, according to the Congressional Budget Office. The results of years of under investment can be seen in traffic and airport congestion, unsafe bridges and dams, deteriorating roads, and aging drinking water and wastewater infrastructure.

ASCE is concerned with the increasing deterioration of America's infrastructure, reduced investment for the preservation and enhancement of our quality of life, and with the threatened decline of U.S. competitiveness in the global marketplace. In response, ASCE has not only

[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.

issued multiple *Report Cards* on the condition of infrastructure, but has sought to advance solutions that provide for a clean and safe quality of life, as well as fuel economic growth.

In 2010, ASCE brought together engineers and infrastructure policy experts to further focus on the 5 Key Solutions that were identified in the 2009 *Report Card for America's Infrastructure*. These solutions include increased federal leadership in infrastructure; the promotion of sustainability and resilience; the development of federal, regional, and state infrastructure plans; addressing life cycle costs and ongoing maintenance; and increase and improve infrastructure investment from all stakeholders. During the infrastructure roundtables in both Washington, DC and throughout the country, several themes were identified as common problems or needs including the need for a clear national infrastructure vision, a better informed public, and the need for performance-based data that can target investments which reward good performance. By addressing these issues intelligently with smart infrastructure investments, we can develop a safer and more economically competitive nation.

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. The nation's transportation infrastructure system has an annual output of $120 billion in construction work and contributes $244 billion in total economic activity to the nation's gross domestic product. In addition to the overarching economic benefits, the Federal Highway Administration estimates that every $1 billion invested in the nation's highways supports 27,823 jobs, including 9,537 on-site construction jobs, 4,324 jobs in supplier industries, and 13,962 jobs throughout the rest of the economy. Additionally, Standard and Poor's has stated that highway investment has shown to stimulate the economy more than any other fiscal policy, with each invested dollar in highway construction generating $1.80 toward the gross domestic product in the short term, while Cambridge Systematics estimates that every dollar taxpayers invest in public transportation generates $6 in economic returns.

The transportation industry's experience with the American Recovery and Reinvestment Act of 2009 illustrated the strong job creation impact of dedicated transportation investment, with the $48 billion for transportation improvements in the legislation supporting tens of thousands of jobs in engineering, construction, and supporting industries. The concern now is that with funding from the Recovery Act drying up and a continued delay for a new multi-year surface transportation bill that jobs created with the legislation will disappear in 2011.

The job creation potential of infrastructure investment is only one contributing factor toward how surface transportation allows for the nation to compete on in the global marketplace. Equally, important are the benefits to the region's long term growth and productivity. A significant challenge to this economic growth is increased congestion, which contributes to the

deterioration of the nation's infrastructure. Therefore, the importance of freight movement and the impacts of congestion on the nation's economy must be emphasized.

While taken for granted by most Americans, our infrastructure is the foundation on which the national economy depends. As the economy grows, these assets must adjust accordingly. The current system was originally built in the 1950's and 1960's at a time when the country had different transportation needs and a smaller population. With an expanding population and a larger economy the nation needs a transportation system that could keep pace. Unfortunately, due to the rapid growth of the country highway and freight capacity failed to keep up. Just last week, the Texas Transportation Institute released the 2010 Urban Mobility Report, which paints an accurate picture of urban congestion in the United States. The cost of congestion in the nation has risen from $24 billion in 1982 to $115 billion in 2009, when measured in constant 2009 dollars. The average cost to commuters has risen to $808 in 2009 compared to the inflation adjusted $351 in 1982. As the nation grows the surface transportation system has not kept pace, leading to a drain on the economy in delayed delivery of goods and services.

To meet the demands of our global economy, Congress must enact a multi-year surface transportation authorization bill that enhances and improves connectivity and level of service across the nation. Congress should be working with the Department of Transportation to address the movement of freight as well as freight bottlenecks that tend to plague our current surface transportation systems. By relieving freight congestion through capacity building in appropriate corridors while making smarter, integrated transportation and land use decisions, our nation's ability to compete in a global economic market can continue to grow.

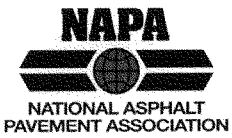
Freight and passenger rail generally share the same network, and a significant potential increase in passenger rail demand will add to freight railroad capacity challenges. Interstate commerce remains the historic cornerstone in defining the federal role in the nation's transportation system. The Senate should take the lead to ensure that a new authorization of surface transportation programs provides for a strong federal role in freight mobility and intermodal connectors. This should include the creation of a program funded with dedicated revenue to provide new capacity and operational improvements focused on securing safe, efficient movement of freight across all sectors.

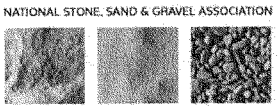
To further illustrate the correlation between transportation and a strong national economy, the U.S. Chamber of Commerce in late 2010 released a transportation performance index that examines the overall contribution to economic growth from a well-performing transportation infrastructure. The index displays a decline in the nation's economic competitiveness, due to a continued lack of investment in surface transportation systems on all levels. However, the results also indicate that a commitment to raising the performance of transportation infrastructure provided long-term value for the U.S. economy. While, efforts like the American Recovery and Reinvestment Act of 2009 have provided some short term relief to a struggling engineering and

construction sector, without a new multi-year surface transportation bill a sustained recovery, leading to job creation and growth in the sector will remain difficult.

Surface transportation infrastructure is a critical engine of the nation's economy. 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, the nation must begin with a significantly improved and expanded surface transportation system. A surface transportation authorization must be founded on a new paradigm; instead of focusing on the movement of cars and trucks from place to place, it must be based on moving people, goods, and services across the economy. Beyond simply building new roads or transit systems, an intermodal approach must be taken to create a new vision for the future.

ASCE looks forward to working with the Committee as it develops a progressive surface transportation authorization bill which is founded on a strong national vision, adequate funding and new technology, which creates an integrated, multi-modal national transportation system.





January 24, 2011

The Honorable Barbara Boxer
Chairman
Senate Environment and Public Works Committee
410 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Boxer:

As the principal suppliers of materials used to manufacture our nation's roads, highways and bridges, we thank you for your leadership and support for enacting a surface transportation authorization bill that works for all Americans. We commend you for holding the first hearing of the 112th Congress on "The Importance of Transportation Investments to the National Economy and Jobs. "

The construction materials industry provides hundreds of thousands of good paying American jobs to workers in communities, towns, and cities across the United States. As production of materials used in the construction of our nation's roads, highways, and bridges declined, so have the jobs. There are now over 1.7 million unemployed construction workers in the U.S., many of whom work in the material supply industry.

The enclosed chart describes the relationship between construction material production and unemployment. From 2006 thru 2010, the percent change in the production of construction materials used in constructing and maintaining roads, highways and bridges is as follows:

- Crushed Stone down 35%
- Sand & Gravel down 43%
- Asphalt Pavement down 31%
- Ready Mixed Concrete down 43%
- Portland Cement down 41%

During this same time period, unemployment in the construction industry has increased 200%. For the month of December 2010, the unemployment rate for the construction industry hit 20.7 percent. In the absence of a long-term, federally-funded surface transportation authorization bill, the construction market will not recover the jobs that have been lost. With a March 4 deadline looming for Congress to extend the current highway program, there is great concern that the construction market may get worse before it gets better.

The Honorable Barbara Boxer
January 24, 2011
Page 2

This chronic underinvestment in our nation's highways, roads, and bridges also acts as a hidden tax on our nation's commuters. The average urban motorist in the Unites States is paying $402 annually in additional vehicle operating costs as a result of driving on roads in need of repair[1] and congestions costs the average commuter $808 in additional time and wasted fuel.[2]

While other countries are increasing their investments in infrastructure, America is headed in the opposite direction. The lack of a long-term federal surface transportation program, which would provide a predictable level of Federal funding, is impeding the ability of states to plan and implement large-scale roadway rehabilitation and reconstruction projects. Long-term guaranteed Federal investment in the nation's roads, highways and bridges provides the foundation for America's prosperity and is essential in providing economic opportunities of its people.

Congress must show leadership in addressing the infrastructure investment deficit by extending the highway program for a full year at current spending levels, and enacting in this session of Congress a multi-year surface transportation bill with guaranteed Federal funding that addresses the backlog of projects needed to provide America the foundation to prosper and compete in the global marketplace.

Again, thank you for your leadership and we look forward to working with you and the Committee on Environment and Public Works to secure a multi-year surface transportation bill that gets America back to work.

Sincerely,

Gerald F. Voigt, P.E.
President and CEO
American Concrete Pavement Association

Mike Acott
President
National Asphalt Pavement Association

Robert A. Garbini, P.E.
President
National Ready Mixed Concrete Association

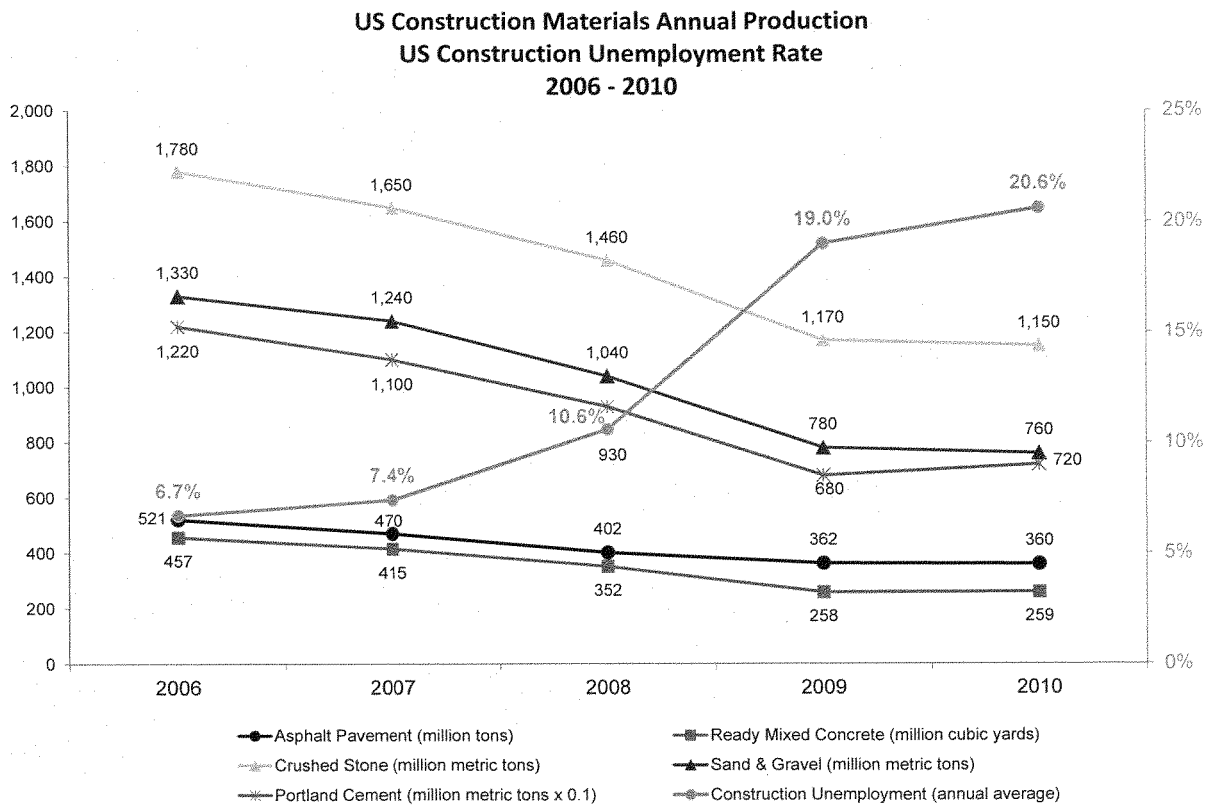
Jennifer Joy Wilson
President and CEO
National Stone, Sand and Gravel Association

Brian McCarthy
President & CEO
Portland Cement Association

Enclosure

---

1. Hold the Wheel Steady: America's Roughest Rides and Strategies to Make our Roads Smoother, TRIP (September 2010)
2. The 2010 Urban Mobility Report, The Texas Transportation Institute at Texas A&M University (January 2011)



Sources: U.S. Bureau of Labor Statistics, American Concrete Pavement Association, National Asphalt Pavement Association, National Stone, Sand & Gravel Association, National Ready Mixed Concrete Association, Portland Cement Association

AMERICAN ASSOCIATION OF PORT AUTHORITIES
1010 Duke Street • Alexandria, VA 22314
Phone: (703) 684-5700 • Fax: (703) 684-6321

January 26, 2011

Testimony of Kurt J. Nagle

President and CEO
American Association of Port Authorities

Before the
U.S. Senate Committee on Environment & Public Works

Hearing on
Transportation's Role in Supporting Our Economy and Job Creation

Thank you for the opportunity to submit this statement for the hearing record. Founded in 1912, AAPA is an alliance of the leading public ports in the Western Hemisphere. Our testimony today reflects the views of our U.S. members, which are state and local public agencies located along the Atlantic, Pacific, and Gulf coasts, the Great Lakes, and in Alaska, Hawaii, Puerto Rico, Guam, and the U.S. Virgin Islands.

Investments in America's port infrastructure and intermodal connections – both land and waterside – help the nation prosper and provide an opportunity to bolster the country's economic and employment recovery. Investments in port and connecting infrastructure help exporters of American products, such as agricultural and mineral producers, while U.S. manufacturing and assembly firms benefit from import and export transportation savings because they often rely on imported parts, components and bulk commodities.

From a jobs standpoint, America's seaports support the employment of 13.3 million U.S. workers, and seaport-related jobs account for $649 billion in annual personal income. More than a quarter of the U.S. GDP is accounted for by international trade, and, for every $1 billion in exports shipped though seaports, 15,000 U.S. jobs are created.

America's seaports are a critical link for access to the global marketplace. In the latest economic impacts analysis conducted in 2007, U.S. seaport activities generated $3.15 trillion in annual economic output, with $3.8 billion worth of goods moving in and out of seaports every day. The impacts go far beyond the communities in which seaports are located. On average, any given state uses the services of 15 different ports around the country to handle its imports and exports.

Port authorities develop, manage and promote the flow of waterborne commerce and also act as catalysts for economic growth in their state, county or city. Public ports own, develop and maintain terminal facilities, some of which are leased to private terminal operators. Ports play a crucial role in our national defense. In addition, U.S. ports handle 99 percent of this nation's overseas cargo by volume. To meet these demands, the American Association of Port Authorities and its members are committed to keeping seaports navigable, secure and sustainable.

Surface Transportation Legislation

Surface transportation authorization legislation presents an unprecedented challenge and opportunity for America. Our transportation infrastructure investment needs are vast while the traditional sources for funding our system become less sustainable every day. Our freight goods movement system is no exception. The total cost of congestion to the economy, the environment, and the quality of life of all Americans is incalculable.

Seaports are the gateways that facilitate American economic prosperity. Ports are doing their share to ensure that U.S. farmers, manufacturers, businesses and retailers have the transportation infrastructure that they need for global market connectivity and competitiveness by investing more than $2 billion annually in capital improvement projects on their terminals. Despite these massive investments by ports, inadequate infrastructure connecting ports to landside transportation networks and water-side ocean shipping lanes often creates bottlenecks in and around seaports resulting in congestion, productivity losses, and a global economic disadvantage for America.

Public port authorities are dependent on the nation's surface transportation infrastructure for the landside movement of goods and military cargo and the facilitation of cruise passengers. Faced with an inevitable long-term projected growth in international trade, a robust cruise industry and the needs of the U.S. military, public port authorities will become increasingly dependent on the nation's surface transportation infrastructure and policies that help facilitate the movement of people and goods to and through U.S. ports and harbors.

It is essential that Congress recognize the importance of addressing goods movement and port access in its deliberations regarding surface transportation authorization legislation. To this end, the American Association of Port Authorities submits the following principles representing the collective view of U.S. public port authorities. We feel that these principles reflect a prudent way forward toward addressing freight mobility infrastructure needs in the United States.

National Freight Program

It is critical that Congress place an emphasis on alleviating freight congestion and provide a mechanism for future investments by implementing a national freight program as part of the surface transportation authorization legislation. AAPA supports the creation of a national freight program that includes funding for projects and corridors of national and regional economic

significance. Project funding should be based on cost/benefit analysis which considers externalities (including environmental impact) and encompasses all modes. Existing identified and newly proposed corridors should be eligible for funding through this program.

AAPA supports the American Association of State & Highway Transportation Officials' (AASHTO) recommended State Freight Transportation Program and National Freight Corridors Investment Fund with the stipulation that port authorities are a key part in the planning process in both the federal- and state-level programs. Port Authorities should be eligible to apply directly for project funds through these programs.

Funding for Intermodal Freight Connectors

Funding for intermodal freight connectors (highway, maritime, rail) is vital to port efficiency and cargo mobility. On the landside, the shortcomings of "first mile" connectors to the National Highway System (NHS) and main-line rail networks have not been adequately addressed in the traditional planning and funding processes of states and local planning organizations. Ports are areas where roads and rail converge, often at the same grade, causing congestion and delays as trucks wait for freight trains to clear intersections. Delays and idling trucks then exacerbate negative air quality impacts on the surrounding communities. Many of these roads are in disrepair, have inadequate turning radii, and are generally not fit for the volume of freight traffic they must endure. For these reasons, connector roads and highway access infrastructure around ports are often the weak link in the goods movement network and must be addressed through programs specifically directed at these issues. Expertise in freight planning at the state/metropolitan planning organization (MPO) level is the key to the success of these programs at the execution level. AAPA calls for dedicated freight offices with coordinators, programs, and funds that support what is devolved down from the federal level.

Investments in Freight Rail

Investments in freight rail will make the system safer and more efficient, improve environmental sustainability and encourage competitive rail access to seaports. The federal surface transportation program should provide tax credit incentives for main-line and short-line railroads to invest in port access. Legislation should also include a grant program with a cost-share (federal/railroad) for projects with both public and private benefits. In addition, the national freight program should define freight corridors of national significance that are eligible for rail investment. In order to execute these investments effectively, an increased expertise in state departments of transportation and MPOs on rail access issues is imperative.

Development of Marine Highways

The improvement and new development of marine highways will alleviate highway congestion and improve environmental sustainability. A number of steps will be required to effectively catalyze the development of a system of marine highways. Harbor Maintenance Tax exemptions for certain U.S. port-to-port cargo must be enacted by Congress to eliminate a current federal

"disincentive" to short sea shipping. Federal funding support for establishing short sea shipping services and incentives for shippers using "greener" modes of transportation would serve as public and private sector economic incentives to help jump-start marine highways. Establishing a new program similar to the ferry boat discretionary program and encouraging more utilization of current federal programs – such as the Congestion Mitigation and Air Quality (CMAQ) Improvement Program – to fund projects for short sea shipping services, would also have a catalyzing effect. Marine highway development could also benefit from a reassessment of federal shipbuilding programs with a focus on how they could support marine highway development. An understanding and expertise at the state/MPO level on marine highway alternatives and benefits is a necessary component in effectively executing programs and projects in this area.

Program Reform

With regard to program reform, AAPA supports a performance-based approach which consolidates the existing 108 surface transportation programs into 10 programs (one of which should focus on freight transportation) as recommended by the National Surface Transportation Policy and Revenue Study Commission and AASHTO. AAPA also supports establishment of a multi-modal freight office that reports to the Office of the Secretary at the United States Department of Transportation.

AAPA supports improving project delivery by addressing environment review inefficiencies and National Environmental Policy Act (NEPA) redundancies that cause project delays and cost overruns, including delegating NEPA responsibilities to appropriate state agencies.

Funding Mechanisms

AAPA believes that a combination of funding mechanisms will be necessary to address freight mobility needs in the U.S. These funding mechanisms should not disadvantage U.S. exports nor hinder ports in their ability to remain competitive.

Supported funding mechanisms include:

- A share of revenue from customs duties devoted to funding freight mobility infrastructure improvements
- An increase in the gas tax and a future indexing mechanism as recommended by the National Surface Transportation Policy and Revenue Study Commission with a percentage of the new proceeds dedicated to funding freight mobility infrastructure improvements
- An increase in the diesel tax, and a future indexing mechanism with a majority of the new proceeds dedicated to freight mobility infrastructure improvements
- A portion of any carbon tax or climate change program revenues be made eligible for investments made by freight transportation to reduce its carbon footprint
- Public-Private Partnerships (PPP) where each sector pays in proportion to the benefits they derive from the capacity generated by the infrastructure

AAPA believes that if a freight trust fund is created under this surface transportation authorization, it should be fully spent on freight transportation and not used for deficit reduction. Appropriate projects that are freight-related should still be eligible to compete for other federal funding sources.

While AAPA does not endorse a port cargo fee for freight movement, if Congress decides to adopt such a fee to pay for freight projects, it must be levied equitably over all types of cargo including imports and exports and should be structured as noted below. AAPA is strongly opposed to a fee based solely on containerized cargo. Containers are only one type of conveyance that utilize transportation infrastructure. Containerized cargo represents only a small segment of transportation infrastructure users, even in the freight realm. By singling out this conveyance for a tax, a disproportionate burden is placed on certain commodity types and shippers. Non-containerized cargoes, many of which cause more wear and tear on infrastructure due to heavier weights and larger wheelbases, would not be required to pay their fair share under this scenario. For these reasons, AAPA believes that a tax solely based on containerized cargo is not equitable. If a broader port cargo fee is adopted by Congress, the structure of the fee should meet the following criteria:

- for port authority cargo, all revenues collected should be returned to the port authority where the fee was collected to be used for projects directly benefiting freight mobility;
- be levied equitably over all types of cargo, including both imports and exports;
- assessed at all international ports of entry (air, land and sea);
- provide ports the discretion to "opt-out" from the fee program, and
- The fee should not negatively affect the nation's bulk or breakbulk export products (e.g., grain, coal, paper products), making these commodities uncompetitive in international markets.

Authorize a "TIGER"–Style Program

AAPA strongly recommends that a "TIGER"-style program be authorized and that a minimum of 25 percent of the available funding be dedicated to port-related infrastructure needs. AAPA supports the "TIGER" program which has provided discretionary grants for port infrastructure projects. This program is the only direct and merit-based federal funding source for port-related infrastructure. Efficient seaports are truly in the federal interest and are critical to U.S. export expansion, international commerce and the global competitiveness of the U.S. economy. Port infrastructure projects, including those that improve landside connections to seaports, are prime candidates for grant programs like TIGER. Investments in port-related infrastructure create jobs, spur U.S. exports, enhance the environment, and improve American quality of life.

Harbor Dredging

While the bulk of this testimony has focused on the surface transportation reauthorization, in terms of freight transportation, water access and harbor dredging are key components of port efficiencies. This nation must continue to make investments in waterside infrastructure by providing the necessary funding to maintain the port depth needed for the future and release

funds to provide maintenance. Maintenance of federal navigation channels is 100 percent user-funded via the harbor maintenance tax. We are concerned that shippers' payments in the Harbor Maintenance Tax Trust Fund are sitting idle and not being used to meet harbor maintenance dredging needs. Currently there is more than a $5 billion surplus in this fund and these channels are not being maintained at their authorized dimensions. We urge Congress to pass legislation requiring full use of the fund each year to address maintenance needs.

Conclusion

Ensuring congestion-free port access and adequate capacity is critical to maintaining America's status as a leader in the global economy. AAPA applauds the leadership of both Chairman Boxer and Ranking Member Inhofe to reauthorize surface transportation legislation with a focus on freight transportation, including the ability to dedicate funding to intermodal transportation projects. Thank you for the opportunity to include this testimony as part of the written record of this hearing.

○