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NATIONAL LEADERS' CALL TO ACTION ON TRANSPORTATION

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FEBRUARY 16, 2011

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ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

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NATIONAL LEADERS' CALL TO ACTION ON TRANSPORTATION

WEDNESDAY, FEBRUARY 16, 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, Baucus, Carper, Lautenberg, Cardin, Sanders, Udall and Johanns.

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

Senator BOXER. Good morning, everybody, and welcome.

I am pleased to have with us today two national leaders who represent business and workers across our great country to discuss the needs for investments in transportation and, more specifically, the need to enact a Surface Transportation Bill this year.

In his State of the Union address on January 26, President Obama called for the rebuilding of America. The two witnesses who will testify here today, Tom Donahue, President of the U.S. Chamber of Commerce, and Richard Trumka, President of the AFL–CIO, were clearly listening. Following the speech, they issued a rare joint statement supporting the plan to create jobs and accelerate the economy, the economic recovery, through investment in our Nation's crumbling infrastructure.

As Mr. Trumka and Mr. Donahue stated, building a modern transportation system will help our Nation compete in the global economy.

[Remarks off microphone.]

Senator BOXER. The U.S. Chamber of Commerce and the AFL–CIO do not always agree. So, Mr. Donahue and Mr. Trumka's willingness to stand together or, in this case, sit together, in support of a strong Surface Transportation Bill, is a powerful signal. I want to thank both of them, from the bottom of my heart, for this.

Just like they have set aside their differences on this issue, I believe we in Congress, Democrats and Republicans, must roll up our sleeves and get to work on a bipartisan bill. With that goal in mind, I have reached across the aisle in the Senate and House of Representatives to find common ground. Senator Inhofe and I always work together on infrastructure issues and now is no exception. Through their staffs and through our conversations, we are working together to develop a Surface Transportation Bill that can

gain bipartisan support and provide much needed investment and jobs.

I have also had discussions with Representative John Mica, Chairman of the Transportation and Infrastructure Committee, who is my counterpart in the House. Next Wednesday, Mr. Mica's committee and ours will hold a joint Senate/House hearing in Los Angeles on transportation needs and our proposals to get the economy back on track through infrastructure investment.

I was very pleased that Chairman Mica suggested holding the hearing in Los Angeles because Los Angeles has been a leader in figuring out a way to leverage funds and leveraging is crucial in these tough times when we are looking to stretch our dollars as far as we can.

Los Angeles' 30/10 Initiative, which is a model for the Nation, will improve the local economy by creating hundreds of thousands of jobs now and by reducing carbon pollution emissions and other emissions and easing traffic congestion. The 30/10 Initiative would speed up delivery of the transit projects funded by a local sales tax measure passed by the people of Los Angeles. The idea was to come to the Federal Government and ask us to front load those moneys knowing that there is a stream of revenue behind it. It is virtually no risk to the Federal Government and this could happen in any part of our great Nation.

So, Senator Inhofe and I have been looking at changes to part of an existing transportation law call TIFIA, Transportation Infrastructure Finance and Innovation Act, so that we can figure out a way that this type of leveraging could become more common and we can stretch those Federal dollars.

TIFIA helps communities leverage their transportation resources by providing loans and loan guarantees. According to the Federal Highway Administration, every dollar made available through TIFIA can mobilize $30, $30 in transportation investment. I am proud to report that there is a growing bipartisan support here. I think we will hear from our friends at the witness table about this because everybody knows we need to cooperate and we need to stretch our dollars.

The need for a Surface Transportation Bill is real. Our Nation's transportation systems used to be the best in the world but our investments have not kept up. We are falling behind. The rest of the world is building infrastructure systems to move people and goods. We need to do that here.

There is a huge backlog, according to the American Society of Civil Engineers. In their 2009 report card, our Nation's infrastructure received a D based on 15 categories. We know the hardship in the construction industry. We know our friends in business and labor are struggling and suffering. We have heard them over and over.

The construction industry, just in the last month, lost 32,000 jobs, 130,000 the past year, and today there are nearly 2 million unemployed construction workers. We have a little presentation, we are not quite ready, but when we show this to you, I think it will take your breath away.

Raymond Poupore, Executive Vice President of the National Construction Alliance, pointed out at our last hearing, we could fill

nearly 20 stadiums the size of Cowboy Stadium where the Super Bowl was played with unemployed construction workers for a total, again, of two million people. This created such a powerful image in my mind, and in my Ranking Member's mind, that we wanted to share it with you.

So, I would ask the staff to stand up now, each of them holding two photos. So, if you look at all of this, it is breathtaking. Two million people. Two million construction workers. I think it is worth taking a look at this, at those people. Each one of those people represents a family. I think this image was really worth showing and I want to thank my Republican friends for going along with this because I think it is an image worth noting. Thank you very much.

There is a story of pain and unemployment in the construction sector in large part due to the housing crunch. We are still not out of that housing crunch. We can begin to address the serious problem by making the kind of transportation investments we need. Putting America back to work, providing new business opportunities, helps everyone.

As Mr. Trumka and Mr. Donahue pointed out, we have a common goal, investing in our country. We invest in a lot of other countries. It is time we invest in America. We have an opportunity to move forward on a robust Surface Transportation Bill for the 21st Century. I look forward to hearing from my colleagues today as well as our distinguished witnesses.

I close with this. 2010 was a tough election. I am looking at two of you who were deeply involved in my race. On different sides.

[Laughter.]

Senator BOXER. Different sides. Robust, tough. But for everything there is a season. Election season comes soon enough. Now we have an obligation to set all that aside and work together for our people, for jobs, for business, for our Nation.

So, thank you all, and I am pleased to call on the Ranking Member.

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

Senator INHOFE. Thank you, Madam Chairman, and I am going to go ahead again and repeat what I said at the last hearing that we had. Much to the chagrin of my staff, I am not going to use their statement. I am going to submit that for the record.

I want to also tell my friends here on both sides of the aisle that I will have to leave for 15 minutes to introduce a bill on the floor at 10:35 and then I will be right back.

I hope, first of all, to have you two giants here is very, very significant. When you stop and you think about all of the segments that you represent, and we have this one thing in common. You know, in this Committee, this is Environment and Public Works, and on the environment issues I do not get along with these guys over here. Barbara and I are on opposite ends.

I am still ranked, by the national journalists, as the most conservative member of the U.S. Senate and yet, and Barbara is on the other end of that, and yet we are together on this. This is very significant. There is not a person up here who does not look at the

priorities of infrastructure in America and recognize the dire straits we are in.

Now, if you look at what is going to happen in the next 30 years, we are going to have doubling truck traffic, increasing car traffic by 30 percent. I though the President did a disservice when he came out and he said yes, we need $556 billion for infrastructure. Well, there are two problems with that. It is easy to say that, and I agree we could spend that much. We could do it. This bill that we have, the robust bill that we had in 2005, was a huge success. But, that just not much more than maintained what we had already. This is what we ought to be doing.

I think that, the other thing I did not like about his statement was he wants to change this from the Highway Trust Fund to Transportation Trust Fund. Well, you know what that means. That means, I have been around long enough, I was on this Committee in the House for 8 years before coming here in 1994. We used to have surpluses. Do you remember that? We always had surpluses in the Trust Fund.

Then all of these hitchhikers came along. They wanted to get their deal. You know, I do not care if it is bike trails or high speed rail or everything else, instead of just maintaining and building highways, bridges and construction. So, I would be opposed to that.

I think what we need to understand is we would not be here today if we had 2 years ago, tomorrow is the second year anniversary of the Stimulus Bill, $800 billion that was supposed to stimulate. Do you know how much of that went to roads, highways and construction? Three percent.

Now, Barbara and I joined hands. We had an amendment to increase that to pay for everything where it was spade ready in America, and then come up and use that for a 6-year bill, we would not be here today. Good things would be happening.

So, I think it is a very difficult thing to come up with the funding because we are talking about huge amounts. When you stop and think about all the money that has been spent, right now we are looking at a budget that came out from the President that $8.7 trillion in new spending, $1.6 trillion in new taxes, all this, the deficit that he is proposing now is more than the 1996 budget to run the entire country for a whole year. That is just the deficit.

So, the money is out there. It has not been directed in the right places. So, we are going to look at all possibilities, areas where you two can use your resources and your influence to try to help us come up with a way to have a robust bill.

So we are all together on this and we will get started.

[The prepared statement of Senator Inhofe follows:]

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

This is the first transportation hearing we've held since Senator Vitter became ranking member of the Transportation and Infrastructure subcommittee. I'd like to welcome him in this role and I look forward to working with him on the highway bill.

Today's hearing highlights how important transportation infrastructure is to our economy. We have one of the leading voices from the business community sitting next to one of most high profile labor leaders and remarkably they are both saying the same thing: without robust and strategic investments in our roads and bridges,

the U.S. economy will not achieve the growth necessary to get us out of our current economic crisis and we will have trouble competing with other countries.

Without the investments and vision needed to build the interstate system, our country would not be the economic power it has been for the last 50 years. Much of our interstate is at the end of its useful life and needs to be rebuilt. On top of this, truck traffic will double over the next 30 years and car traffic will increase by 70 percent over the next 45 years. To accommodate this demand and begin to address our current levels of congestion, hundreds of billions of dollars are needed to build new roads and expand existing roads.

I'd like to end with some comments on the President's budget proposal for the highway bill, which was released on Monday. I was hoping for some positive leadership by the Administration after only paying lip service to our crumbling roads and bridges. Sadly, the President failed to step up and show any leadership. He failed to specify how he would pay for his mammoth $556 billion proposal. Instead he punts, saying his higher trust fund revenue is "a placeholder and do not assume an increase in gas taxes or any specific proposal to offset surface transportation spending. Rather, they are intended to initiate a discussion about how the Administration and Congress could work together on a bipartisan basis to pass a surface transportation reauthorization. . . "

This puts us back in the hole former House Democrats dug last Congress: proposing a huge bill with no way to pay for it. This is flat out irresponsible. If he were serious about getting a bill done, he would have either cut spending or said how he is going to pay for it. I can only call this a setback. It gives false hope to transportation advocates and leaves Congress in the same box as before the budget was released. This comes almost exactly 2 years after the failed, so-called stimulus bill, which was sold as having primarily an infrastructure focus, but ended up with only 3 percent of the total going to roads and bridges. Here we go again.

On top of all this, the President proposes destroying the Highway Trust Fund. He wants to open it up to pay for a number of things currently not eligible for funding, including Amtrak, high speed rail, and a greater share of transit (which currently receives 20 percent of its funding from the general fund). The whole point of a trust fund is that users pay for the services they are getting. Not a single penny is paid into the trust fund by users of transit or Amtrak, nor does any high speed rail proposal include user fees deposited into the trust fund.

The current problem with the Highway Trust Fund is that we have gotten away from the user pays, user benefits concept and are providing a free lunch to too many unrelated activities. The Highway Trust Fund needs to focus its spending, not broaden it. I can't blame the President on this; he has been very clear about where his priorities lie. He is less interested in rebuilding our roads and bridges than in building street cars and bullet trains.

I think this budget proposal will make it harder for Congress to get a bill done. But as we are discussing today, it is imperative that we get a good bill done soon. So I am going to treat this budget as yet another obstacle we have to overcome to enact a responsible, budget neutral bill this year.

Senator BOXER. Thank you, Senator.

I am just going to say, in order of arrival, Cardin, Sanders, Lautenberg, Carper and Udall and, of course, my friend, Senator Johanns. But you will go right after Senator Cardin.

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

Senator CARDIN. Madam Chair, thank you very much for this meeting. To Tom Donahue and to Rich Trumka, it is wonderful to have you all here. It is nice to have you here together on an issue that I think we all do agree on, and that is investment in our transportation infrastructure will be good for our economy, will create jobs for our community, will make America more competitive, will help deal with our future innovation by allowing businesses to grow, et cetera, et cetera. We are in agreement on that. It is good to see both of you at the table together for this issue.

A $1 billion investment in transportation infrastructure will create 30,000 jobs. But the interesting point is it will create even more

jobs in public transportation. So, I just want to differ, if I might, from the Ranking Republican Member as to the name of the fund. I think it is very important that we have a coordinated transportation system in this country. Quite frankly, I am disturbed that the projections, according to our friend, would increase 30 percent as far as car traffic in this country is concerned. I hope it is not 50 percent. I would like to see it at 20 percent.

Senator Inhofe.

[Remarks off microphone.]

Senator CARDIN. I would like to see an increase in public transportation because I think that is going to be good for our country, it will help us with our energy policies, it will create more jobs. It is interesting. The American Public Transportation Association tells us there is a three to one ratio. For every $1 we invest in public transportation, we will create $3 in private sector sales by businesses that locate near public transportation sectors.

So, I think it is good for our country to invest in public transportation and I just want to stress that as we start today's hearings. It helps local economies. Values near metro stops are substantially higher because businesses want to locate near metro stops because it is convenient for their employees in order to be able to get to work.

Commercial values are all higher near metro stops. In my own area, in this area, you go to Arlington and Alexandria, VA, Bethesda and Silver Spring, MD, you go to areas in Prince Georges County, you will find that there are considerably higher values in the lease space that is within walking distance of our metro sites than otherwise.

Maryland's highest transportation priorities, and our Governor will be here tomorrow to talk to our delegation, are three public transportation projects. So, I want to make sure, as we focus on what we are doing on the reauthorization of our Surface Transportation Act, that we work very closely with the Banking Committee, as it relates to the public transportation issues, because I think it will make it easier for those who use our roads, make it easier for the commuters that have to use their cars, if there are less cars on the road.

Of course, or energy policies will be of greater advantage if we use less energy in transportation, and we do that through public transportation.

So, I just urge my colleagues, there is a good reason why, Rich, you will find that a lot of your unions are strongly supportive of the public transportation part of this, and for good reason. Because they know there are jobs, they also know it will help our economy and will help our community.

Quite frankly, we all live in the second most congested area in the country. Those of you who have to commute into the Nation's Capital, you know what I am talking about. Our metro system here is overloaded, it needs to be modernized, its ridership increases dramatically every year, and we may need to pay attention to it.

So, I would just hope that as we reauthorize Surface Transportation Programs that we are mindful that we need to increase, not decrease, our commitment to public transportation.

Senator BOXER. Thanks, Senator.

Senator Johanns.

STATEMENT OF HON. MIKE JOHANNS, U.S. SENATOR FROM THE STATE OF NEBRASKA

Senator JOHANNS. Madam Chair, thank you. Let me say to the witnesses, I appreciate the show of unity, if you will, and I appreciate you being here.

When I was Mayor, in another life, and when I was Governor, in another life, the one thing I could always get business and labor to agree on was investment in infrastructure. In some respects, it was kind of a no-brainer. It was a job creator and it was an economic development engine and we could all come together on that. Your presence illustrates that is the case here, too.

Let me offer a perspective, if I might, based upon those past experiences. Each bidding season, if you will, when I was at the city or when I was Governor, we would anxiously await the results of the bidding process. What we wanted to achieve year after year after year was a strong, competitive bidding process because it kept prices for construction down.

I quickly realized that the only way to achieve that was to have a sufficient and predictable flow of funding into those programs because the construction industry could not tolerate up and down and up and down. It is a high capital investment industry. You do not go out and buy the equipment that they need to build the bridges and roads without investing a substantial amount of money.

When all of those charts were raised, or those pictures were raised of the football stadium and all of the people, what that tells me is not only have a lot of people lost their jobs, but a lot of construction companies have gone out of business.

Now, at the end of the day, some will survive. That is the nature of a free market system. But at the end of the day if we do not address the issue before us the competitive nature of this system is going to be decreased because you will just have fewer people in the business, bidding the projects and keeping that bidding aggressive and prices low.

So, in some respects, folks, what this is about is pay me now or pay me later. We have to build roads. We have to build bridges. We cannot allow, as a Nation, for our bridges to fall into the river as one did fairly recently. It is not an acceptable result.

If we do not somehow figure out how to deal with this and how to provide a sufficient amount of funding, I know what will happen. We all know what will happen. We will pay a higher cost for that same construction in years ahead because the competitive nature will decrease as companies go out of business.

So, my hope is that we can find a solution to this. As passionately as some feel about, and this will be my last point, as passionately as some feel about public transportation, I feel equally as passionately about investment across our great country.

When I was Governor, I liked to say that my plan for the State of Nebraska was a 93 county Economic Development Plan. In other words, no county gets left behind. But, you cannot create jobs without investment in roads and bridges. I can give you example after example where, if Government led the way and put down the infrastructure, the investment would follow. Business would build and

construction would occur and the after effect of that government investment would be significant and it would generate revenues. Like I said, I could take you on a car ride through Lincoln, NE or Omaha or Scottsbluff and where we made investment, additional investment was bound to follow.

So, I hope we get this right because I fear that not only are we losing those jobs, but we are losing those companies and that is going to have an impact on the cost of construction in the future.

Madam Chair, thank you.

Senator BOXER. Senator, thank you so much for those remarks.

Senator Sanders.

STATEMENT OF HON. BERNARD SANDERS, U.S. SENATOR FROM THE STATE OF VERMONT

Senator SANDERS. Thank you, Madam Chair. This is an interesting day, as I said to Jim Inhofe. There it is. I actually agree with much of what he said and, Mr. Johanns, I certainly agree with much of what you said. It is interesting to have people from organized labor and the Chamber of Commerce with us today, the leadership there.

I speak also as a former mayor. I think I want to reiterate one of the points that Mr. Johanns made. My experience, and I am sure yours was, that if you do not take care of your rotting infrastructure, your crumbling infrastructure, this year, it does not get better next year. Right? It gets worse and it becomes more expensive.

So, I think that in the midst of a severe recession where our construction industry is in very bad shape, we saw the amount of unemployment that is there, if there ever was a time to start rebuilding our crumbling infrastructure, now is the time. So, this is, what we are talking about today is jobs. We are talking about something in terms of increasing the wealth of the Nation. It has to be done. Let us do it now.

We are talking about roads. In my State of Vermont, the ARRA stimulus package did not put as much money as I wanted. We put more money into roads and bridges than at any time in the history of our State and we are seeing the difference. But clearly we need a lot more.

In States like Vermont where you have 20 below 0 weather, that temperature beats up your roads very badly. So, we have to be mindful not only of different States with different needs, but rural areas as well. Let us not forget about the problems in rural America.

Also, this is an issue of international competition. Madam Chair, let me just read you this. Today, the United States invests just 2.4 percent of GDP on infrastructure. Europe invests twice as much. More troubling, China invests almost four times our rate, roughly 9 percent of their GDP annually, on rail alone. I know this is something that Frank Lautenberg has been very interested in. The Chinese invested $186 billion from 2006 through 2009. According to the *New York Times*, within 2 years that country will open 42 new high speed rail lines that will have trains that can reach speeds of more than 210 miles per hour.

In the United States today, do you know what we have? We have situations where trains go from location A to location B in a slower

time than they did 50 years ago. We are moving backward, and the Chinese are building dozens of high speed rails.

But it is not only trains and it is not only roads and it is not only bridges. It is tunnels, it is water as well. I know, outside of the jurisdiction of this bill.

Let me tell you a story and I do not think it is unique to Vermont. I met with a mayor in one of our largest cities a couple of months ago. He had this piece of pipe, a kind of old, decrepit looking piece of pipe. He said, you know, the guy who laid this water line for us, after he did this, he designed it, he went off to the war. I knew what the punch line was, and I said, well, what war was that? He said it was the Civil War.

Senator BOXER. What?

Senator SANDERS. The Civil War. This was Rutland, VT, the second largest city in the State of Vermont. That is not unique in America. We are losing enormous amounts of fresh water in this country because of leaks in water lines. We have wastewater plants all over America that need work, tunnels that need work, and meanwhile you showed us a picture of millions of workers ready to go to work. When they go to work rebuilding America, they get a paycheck. They spend that paycheck. It has a stimulus impact on our country.

So, what I am excited about today is that I think there is a broad understanding from all across the political spectrum that now is the moment to rebuild our crumbling infrastructure, to pay attention not just to urban needs, as important as they are, but to rural needs, to do it all across the infrastructural spectrum. I am excited by the fact that we have Mr. Donahue and Mr. Trumka here, that we have people with very, very different political philosophies united about this.

So, Madam Chairman, let us go forward on this. We have an opportunity to do a whole lot for America.

[The prepared statement of Senator Sanders follows:]

STATEMENT OF HON. BERNIE SANDERS, U.S. SENATOR FROM THE STATE OF VERMONT

Madame Chairwoman, thank you for calling this important hearing today. I look forward to working with you and the other members of this committee as we craft a new surface transportation bill.

The issue at hand is not just transportation's role in supporting the economy, but rather, it is about getting our national priorities straight. It is no secret that the United States is facing the worst economic crisis since the Great Depression. Millions of people have lost their jobs as a result of Wall Street greed. We have a record-breaking deficit. The middle class is disappearing, and the gap between the very rich and everybody else is growing wider.

In my view, it is high time that we create millions of jobs rebuilding our deteriorating infrastructure. Let me briefly explain.

Our transportation infrastructure needs are well-documented, and they are growing more dire with each passing year. In 2009, the American Society of Civil Engineers graded America's roads, public transit and aviation with a "D" and said $2.2 trillion must be invested over the next 5 years simply to get to a "passable" condition. And as our constituents know, our nation's infrastructure needs go well beyond just the transportation sector. Our water systems, wastewater plants and schools all need an enormous amount of work, and our energy and broadband networks all need upgrading.

In my State of Vermont, we are debating—and I kid you not—how to finance the replacement of Civil War-era railroad infrastructure with higher-speed rail. Thirty-five percent of Vermont's 2,700 bridges are either "structurally deficient or functionally obsolete," and more than half of those have structural deficiencies.

Throughout our history, America has led the way on transportation innovations: a network of canals, a transcontinental railroad, Interstate highway systems, and a robust network of regional airports have kept Americans connected and the economy humming. These advances have been the envy of the world. Sadly, that is no longer the case and I fear we are losing ground.

Today, the United States invests just 2.4 percent of GDP on infrastructure. Europe invests twice that amount. More troubling, China invests almost four times our rate—roughly 9 percent of their GDP annually.

On rail alone, the Chinese invested $186 billion from 2006 through 2009. According to The New York Times, within 2 years that country will open 42 new high-speed rail lines that will have trains that can reach speeds of more than 210 miles per hour. By 2020, China plans to add 26,000 additional miles of tracks for freight and travel, 230,000 miles of new or improved roads, and 97 new airports.

In addition to the issue of long-term economic competitiveness, investing in transportation infrastructure remains one of the best ways to stimulate the economy in the short term. For every $1 billion in Federal funds invested in infrastructure, more than 30,000 jobs are created or sustained, and those jobs have a significant impact on local economies.

Last October, the Department of the Treasury and the Council of Economic Advisers issued a report concluding that well-designed infrastructure investments raise economic growth and productivity, and have significant "spillover effects" on economic development, energy efficiency, public health and manufacturing.

The study also found that infrastructure spending disproportionately benefits the middle class. On one hand, the majority of jobs created are in the construction sector, which—with an unemployment rate of more than 22 percent—has been particularly hard hit during the recession. On the other hand, the infrastructure improvements themselves also primarily benefit middle class families.

Let's put Americans to work rebuilding our country from the bottom-up, in jobs that cannot be out-sourced or off-shored. Let's begin the task of reinvesting in America.

Senator BOXER. Well said. Thank you.

Senator Lautenberg.

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

Senator LAUTENBERG. Thanks, Madam Chairman.

This is such an important review that we are taking here today. President Obama pointed out when he addressed the U.S. Chamber of Commerce last week that Richard Trumka and Tom Donahue rarely agree. But they do agree on the need to build a 21st Century infrastructure system and I, we all here, share this conviction.

Our country is going to be stuck in a morass of congestion, foul air, further dependence on foreign oil and it is stifling our economic growth and our job creation. After all, companies cannot succeed when their employees are stuck in traffic or when delivery delays prevent them from putting their products into the hands of the customer. We dare not make that mistake. If the United States does not invest in its transportation infrastructure, we will all be left behind.

As we hear, and have just heard, other countries are building for the future, strengthening their economic competitiveness in the process. When we hear and look at what is happening in China and Europe, they are leading the global race for high speed rail. Today, it takes just 2 hours to travel 250 miles between Paris and the French city of Lyon. By comparison, Amtrak's Acela takes 5 hours to go between Philadelphia and Boston, roughly the same distance.

The success of high speed rail abroad reminds us that we do need a well balanced approach to transportation in our country, to create jobs, to get our economy back on track, keep America com-

petitive. We cannot rely solely on cars and trucks and planes. We have to invest in rail as well.

That is why I am working with Amtrak now to build a new gateway tunnel under the Hudson River which will expand high speed rail in the Northeast Corridor while improving rail service in my home State of New Jersey. It is an exciting project for our future. It shows that Amtrak is serious about its mission to provide world class intercity travel options to the public.

It was pleasant to see Vice President Biden outline the Administration's bold planning for a high speed rail just last week. The Administration's plan will make trains a faster, more reliable alternative to other transportation modes and build upon the High Speed Rail Grant Program that I helped author a little more than 2 years ago.

I know that some of our elected officials on Capital Hill and across the country will tell you our country cannot afford these investments right now. I do not think there was ever a time that major investments were at a good time, when it was not the right time. If we look at the George Washington Bridge and the tunnels that were built in my area over the years, they were not done when there was a huge cash-flow. They were done when things were tight, 1935 for the George Washington Bridge and similarly for the others.

But critics want to blindly cut public investment simply for the sake of cutting. It is a reckless approach. It will do irreparable harm to our country. Take it from me. When I was building a business, our business, I learned first hand that if you want to be successful tomorrow you have to lay the foundation down now, or today. The same principle applies here. If we want to leave our children and grandchildren a better country, we better make these smart investments on their behalf and do it now.

So, I am sorry that Senator Inhofe is not here because when he talked about if we look ahead 30 years, I just want to look ahead.

[Laughter.]

Senator LAUTENBERG. Nobody got that, huh?

Senator BOXER. I did.

[Laughter.]

Senator LAUTENBERG. Thirty years from now, I will be middle aged.

[Laughter.]

Senator LAUTENBERG. So, I look forward to hearing from today's witnesses and working with my colleagues to strengthen America's transportation infrastructure system. Tom and Richard, I am glad to see the two of you sitting side by side with no handcuffs on. So, let us continue on.

Senator BOXER. Thank you.

Senator Carper.

STATEMENT OF HON. THOMAS R. CARPER, U.S. SENATOR FROM THE STATE OF DELAWARE

Senator CARPER. Thanks, thanks very, very much. I join my colleagues in welcoming both of you, together.

I am sure you both watched the President deliver the State of the Union Address. You have seen a lot of those before. As in the

past, the Democrats sat there and the Republicans sat here and as you know, this time, a lot of us sat together across the aisle.

Instead of just Democrats standing up on a Democratic President's speech to applaud, and there were Republicans standing up for Republican's speech to applaud, we stood together. We stood up, frankly, a lot less and I found the things we actually stood up to applaud for were, for the most part, worth applauding.

I think it is not unimportant that that night we stood together during the speech, a good speech, but also that we find plenty of opportunities to stand together on important issue to our country going forward. God knows that the decaying infrastructure, the decaying transportation infrastructure, is something that we need to stand together on. It sounds like we are.

We are delighted that your voices are being raised loud and clear to support that and to encourage us and our colleagues. So, we simply think that what you are doing, your presence here, is just great.

I would urge you to take your message beyond the walls of this hearing room. I urge you both to talk to business leaders and to labor leaders and to impress upon them the importance of investing in transportation and why those investments need to be paid for. I always like to say if something is worth having, it is worth paying for. That is why we end up with AAA credit ratings in Delaware and we need to follow, and in Nebraska I suspect as well, and we just need to do that more around here.

I am one of the few people who is actually on record for supporting a modest, gradual increase in the Gas Tax. George Voinovich, the only person I could find to join me on that was George Voinovich. He was leaving and so he was willing to join me in that. But we proposed a penny a month increase in the gas tax over a period of 25 months and to use most of that for infrastructure, use some of that for debt reduction.

God bless Erskine Bowles and Alan Simpson because when they proposed to the Deficit Commission, they actually said we will take part of the Voinovich-Carper idea and that is to go maybe 15 cents, but not all at once, to do it over maybe 3 or 3½ years, maybe a penny or so a quarter, and to use that money in their proposal just for infrastructure, just for transportation infrastructure. Think about a 15 cents increase in about 3½ years. I have seen 3½ months where we have seen gas prices go up or down by 15 cents. I have seen 3½ weeks, we all have, where they have gone up by that much.

So, I would ask for you, just in the spirit of things worth having are worth paying for, to keep that in mind in helping us to find a way that we can make this acceptable to the folks in our country.

But we ought to take action and I think the time is now and to do what is in the best interests of our country. Again, the voice of the Chamber and the AFL–CIO are just incredibly important to this debate.

I will close with this. I like, to my colleagues who have heard me quote Albert Einstein, I am probably the only person around here who quotes Albert Einstein, but one of the things he used to say is in adversity lies opportunity. In adversity lies opportunity. I

think I have made a life of living off of that, in adversity lies opportunity.

If you look around this country today, at our decaying infrastructure, that is adversity. If you look around our country today and see high levels of unemployment in the construction industry, that is adversity. But if we can somehow summon the will to actually pay for what needs to be done, we can address that adversity and turn it into great opportunity for a lot of people in those industries building our transportation systems and also for our country.

Thank you.

[The prepared statement of Senator Carper follows:]

STATEMENT OF HON. THOMAS R. CARPER, U.S. SENATOR FROM THE STATE OF DELAWARE

Madam Chairman, I'd like to welcome Mr. Donohue and Mr. Trumka and thank them for testifying before our committee.

I hope that everyone in this room recognizes the important statement that Mr. Donohue and Mr. Trumka are making today. These business and labor leaders agree that a stronger transportation system is in our Nation's best interest.

I applaud Mr. Donohue and Mr. Trumka for speaking with a united voice on transportation.

However, I ask you to take your message beyond the Environment and Public Works Committee. I urge you to talk with business and labor leaders around the country about the importance of investing in transportation and why those investments need to be paid for.

I am on the record in support of a gas tax increase to pay for those investments.

As the financial condition of the Highway Trust Fund worsens and our highways, bridges, and rail systems continue to deteriorate, action must be taken on transportation funding.

We must do what is in the best interest of this country.

The membership of the Chamber of Commerce and AFL–CIO are critical to this debate.

I hope that today's united voice will continue as a sustained effort in support of transportation.

I look forward to your testimony.

Senator BOXER. Thank you, Senator. Senator Udall, and then we are going to move to our panel.

STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator UDALL. Finally, finally. That is good. We are going to make it in under 45 minutes today.

Being the last in line, everything has been said but not everyone has said it. So I will not repeat all of the fine comments that have been said earlier, but just to make two points.

I think that the theme here from Johanns and Sanders and all of them, Carper, is how do we find a way to get a constant flow of resources into the infrastructure? The President has come up with his idea of a National Infrastructure Bank. That worries me a little bit because I do not know the rural areas are protected. But I think the theme we are hearing, over and over again, is how do we protect our infrastructure over the long term and have a flow of resources. I think you two can really help us with that.

With that, Chairman Boxer, I am going to put my opening statement into the record so we can get directly to the two witnesses.

Thank you very much.

[The prepared statement of Senator Udall follows:]

STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Thank you, Chairwoman Boxer. Thanks for putting a priority on addressing our transportation system's needs.

As we are all aware, our Nation's transportation infrastructure is struggling. Many would say that it is even failing. Our transportation needs are growing far faster than our transportation investments. This is not sustainable. It hurts our economy when employees are late for work due to road congestion, or when goods can't get to markets because of poor road conditions.

The quality of our surface transportation system directly impacts the quality of our economy—from our major cities to our small rural towns. So as we consider this reauthorization, we must ensure that it does two things. First, that it maintains our Nation's major highways, like interstates 10, 25 and 40, through New Mexico. And second, that it maintains smaller roads like those that lead from the New Mexico dairies to the interstates, to ensure their products make it safely to market. At the same time we must address the safety of all of these roads and highways. That means employing best practices to help eliminate collisions and reduce injury when they can't be eliminated.

Equally important, we must recognize the toll of our transportation system on our environment. It accounts for nearly one-third of all U.S. greenhouse gas emissions. Much can be done to reduce emissions through the development of cleaner and more efficient vehicles. But we can also look within the transportation system for improvements. Simple changes can be made that would improve travel efficiency and reduce emissions. Some of those will happen at the Federal level. But many will occur at the local level, and this bill should include provisions to encourage communities to enact policies that promote efficient travel.

Finally, we need to make sure that our transportation system is designed with community mobility in mind. That it includes sidewalks and bike paths wherever possible. And that it provides new options for residents who may not have access to a car, cannot drive or choose not to. This focus will be a change from transportation bills of the past. But I believe it is necessary to ensure that all Americans are able to safely travel to school, the doctor or the grocery store.

Chairwoman Boxer, I look forward to working with you and the members of this committee to draft and pass surface transportation legislation that addresses the needs of both our metropolitan and our rural communities. It is important that we invest the resources necessary to ensure that our surface transportation system is well maintained, safe, efficient and able to support the needs of our growing economy.

Senator BOXER. Well, thank you so much, everybody, for your opening statements.

Senator Inhofe is trying very hard to get right back but you never know when you get down to that floor what happens.

We are so thrilled. These two are so respectful of one another that they will not tell me which one of them wants to go first.

[Laughter.]

Senator BOXER. So, seriously, I said you two decide and they said no, flip a coin. So, in keeping with our Super Bowl analogy, we are going to flip a coin. So, why don't you do that, Paul, and Mr. Donahue, what do you call it?

Mr. DONAHUE. Tails.

Senator BOXER. What is it? It is heads. Mr. Trumka, you go first.

STATEMENT OF RICHARD TRUMKA, PRESIDENT, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS (AFL–CIO)

Mr. TRUMKA. Chairman Boxer, Ranking Member Inhofe and Members of the Committee, on behalf of the 12 million working men and women of the AFL–CIO, I want to thank you for the opportunity to appear before you today to discuss the urgent need for investing in our country's infrastructure.

The fact that Tom Donahue and I appear before you today does not mean that hell has frozen over or unicorns are now roaming

the land. To further strain the support structure of this building, I would just like to tell you that Tom and I this morning have agreed to sit down and talk about ways that we can help U.S. manufacturing as well. So, hopefully, at another hearing we will be able to come before you again to talk about manufacturing.

Senator CARPER. Mr. Trumka, I do not want to interrupt, but when I walked up here from the train station this morning I did see a pig fly overhead.

[Laughter.]

Mr. TRUMKA. I am not going there.

[Laughter.]

Mr. TRUMKA. The fact that there are many policy areas where we have sharp differences, while that is true, we both realize that our country needs to step up our investment in America for business as well as for working Americans to succeed. That is why, following the State of the Union Address, we issued a joint statement praising President Obama's call for investing in our Nation's infrastructure.

As you said, quite frankly, there is no more important time to be thinking long term, to rebuilding a solid economic foundation for our country and investing in good jobs to maintain U.S. competitiveness with countries like China, India and Germany.

Chairman Boxer and Ranking Member Inhofe, we agree with you about the direct link. In fact, we strongly agree with you, about the direct link between a strong transportation infrastructure and a strong economy.

There are nearly 14 million Americans that are unemployed in the United States and millions more are underemployed or are stuck in part-time jobs or are simply job stopped looking for jobs. Our building and construction trade workers have been particularly hard hit, with national unemployment levels at 22.5 percent. Here in the D.C. area, it is just over 40 percent. It is even higher in some crafts and some areas of the country. Our construction union halls that once teamed with workers receiving training or heading to construction sites are now full of folks sitting on the bench simply waiting for work.

Strong Federal investment in our transportation system has never been more important to support the economy and to create and sustain good jobs for U.S. workers than it is right now at this very moment.

The Department of Transportation, as somebody noted, estimates that for every $1 billion in Federal highway investment, accompanied by the State match, creates or supports nearly 35,000 jobs. At the same time, according to the American Society of Civil Engineers, we face a $2.2 trillion deficit in the 20th Century infrastructure that is crumbling and in disrepair, and a near $2 trillion for the 21st Century infrastructure that needs to be built, especially in transportation, communications, and clean energy that we need to have built immediately.

The latest report card from the American Society of Civil Engineers gives our overall infrastructure score a D. Our roads received a D, our bridges only slightly better with a C, our waterways are a D− and our rail system a C−. Nowhere, none of the areas, do

we meet today's global standard. That standard is not sitting still, by the way. It continues to move ahead.

So, the failure to invest in rebuilding our infrastructure for the 21st Century will result in lower rates of economic growth and thus lower tax revenues. We believe we cannot solve our long-term Federal deficit problem if we fail to invest in the future. When we are reduced to competing on who can make the biggest budget cuts instead of deciding on how to compete in the world economy and to secure our future, then I believe that we are having the wrong conversation at that point.

What we want, and what our Nation needs, is a strong economy, an economy where business can thrive and where workers can build a decent life for themselves, where they can afford a place to live, raise a family, take an occasional vacation, pay for their children's education and have a dignified retirement. In short, Madam Chairman, we want to revive the American Dream so that if you work hard, and if you play by all the rules, you can succeed in America.

The example of the postwar boom, when deliberate economic policies created broadly shared prosperity that paid enormous dividends, shows us the way forward. High levels of public investment fueled robust GDP and job growth in the postwar period that reduced the debt-to-GDP ratio from more than 100 percent after the war to less than 30 percent in the 1970s.

During those decades, we built a transportation system. We built highways, bridges, transits, ports and aviation infrastructure that was the best in the world. Our economy boomed because of it. Good jobs were created and we developed a strong middle class.

But we have simply coasted through the past several decades and this neglect will require a Herculean effort to restore our competitiveness in the world.

In his State of the Union Address, President Obama called for programs that pave the way for the United States to win the future. We strongly agree with that.

I have not been to China, though I hope to go very soon. But I am told that when you fly to Shanghai, you land in a brand new airport, you have high-speed broadband access from the moment of your landing, and you can get on a high-speed rail train in the arrival terminal that will take you directly to downtown Shanghai at over 100 miles an hour. Now, that set of experiences is simply not available in any city in the United States. That is a tragedy.

It is not available because we invest less than half of what Russia does in infrastructure as a percentage of GDP, and less than one-third of what Western Europe does. If we want to have a great future as a Nation, we cannot sit by and watch the future happen elsewhere and not happen here. We can do better than this. Our country, quite frankly, deserves better than this.

American wants to work. But the cost of our collective inaction is already being felt and it is already hindering millions of Americans from finding that work.

The Texas Transportation Institute's 2010 Urban Mobility Report estimates that the extra cost of fuel and the loss of productivity from congestion on our highways alone cost our Nation $115 billion a year sitting in traffic. So, not only do we need a reliable and effi-

cient highway system with expanded capacity, but a 21st Century rail system to supplement our roadways in moving goods and moving people and in supporting commerce and easing congestion.

That means investing in high-speed rail, freight rail, commuter rail and transit systems. To help our transit systems deal with their budget crisis, we should allow capital funding flexibility to help them cover their operational costs so that they do not have to shut down and strand people who depend on them to go to work and make a living.

Investing in infrastructure projects will also boost our manufacturing sector. These projects create substantial long-term employment in manufacturing, design and engineering when we use the domestic U.S. supply chain to produce the materials that will be needed from concrete, wire, steel and pipes to high-speed trains. All of this restores revenues for State and local public services struggling with budget holds as well.

So, the positive impact of investing in infrastructure can be maximized by doing a few things to ensure that our investments not only are a good value for taxpayers, but create good jobs and ensure the jobs are done right and are done by the best skilled, trailed and professional work force.

To build a 21st Century transportation system requires a modern, 21st Century workforce. Craft training in transportation-related industries has been conducted through apprenticeship programs for over a century. Transportation investments should complement and support joint labor training, management training and apprenticeship programs.

You see, when the infrastructure investments are supported by Federal resources, Congress should require prevailing wages and other labor protections, regardless of the funding mechanisms used, to ensure that taxpayer funded construction and transportation projects do not undermine good jobs and that these projects are done by skilled, well-trained local workforce and not by low-road employers.

Congress should implement strong Buy America provisions by making sure that we are procuring products such as steel wire and other materials from industries and businesses within our shores.

While there is a growing consensus that investing in our infrastructure is the first and best thing Congress can do for our short- and long-term economic success, there is no such consensus on how to fund it at the level that it requires. We believe that everything should be on the table when looking at funding sources by utilizing innovating ideas as well as beefing up revenue streams that currently fund the system.

Madam Chairman, you have pushed for expanding the role of the Transportation Infrastructure Financing and Innovation Act, a successful Federal loan and credit enhancement program that could do a lot more. The President spoke of the need for an Infrastructure Bank. We should reauthorize the Build America Bond Program and create or expand other bonding mechanisms. I just would emphasize that these tools should supplement, not replace, direct Federal investment.

Wall Street, which would be strengthened with a newer infrastructure, should also be asked to kick in. Congress could enact a

transaction fee, a very small financial speculation tax of a half a penny a share so that it is not much of a concern to real investors but collectively it could raise more than $100 billion a year. The Federal Reserve could allocate a portion of its bond authority to buy infrastructure bonds.

All of these ideas will help. But they alone will not generate the robust levels of funding needed for us to stay competitive in the global economy. We must rely on, and boost, our user fee revenue streams, a key component in addressing our huge infrastructure deficit.

The gas tax has not been raised since 1993. It provides diminishing levels of funding and should be raised. Other forms of user fee funding mechanisms, such as creating a user fee based on vehicle miles traveled, have been discussed.

It is important to say that when considering funding sources, like user fees or any other funding mechanism, we need to be sure to pursue a balanced and a fair approach so that we do not burden one sector of the population over another. User fees can easily have an unfair and disproportionate impact on working people if not properly designed.

Private capital has never, and will never, adequately invest in public infrastructure because private investors cannot capture the economic gains that infrastructure creates. So, it is Federal investment in infrastructure that is the necessary catalyst for future economic growth and to enable the private sector to effectively compete in a global economy. This investment is long overdue.

Madam Chairman, it is no accident that Tom and I appear before this Committee today. Congress, too, needs to come together, as it has before, and address the most fundamental need of our country, a strong and efficient infrastructure.

The AFL–CIO stands ready to work with this Congress, this Administration, with business and others who want to move the country forward into the 21st Century. We say, together, let us boldly take on the challenge of investing in America, investing in our future, and keeping the American Dream alive for our children and for our grandchildren.

Thank you.

[The prepared statement of Mr. Trumka follows:]

STATEMENT OF RICHARD TRUMKA, PRESIDENT, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Chairman Boxer, Ranking Member Inhofe, and members of the committee: on behalf of the 12 million workers represented by the AFL–CIO, I thank you for the opportunity to appear before you today to discuss the urgent need for investing in our country's infrastructure.

The fact that Mr. Donohue and I appear before you today does not mean that hell has frozen over or unicorns are now roaming the land. The fact is, while there are many policy areas where we have sharp differences, we both realize that our country needs to step up our "Investment in America" for business as well as working Americans to succeed.

That's why, following the State of the Union address, we issued a joint statement praising President Obama's call for investing in our Nation's infrastructure.

Our shared support for infrastructure investment follows many years of bipartisan support for exactly the kind of investments we are talking about today.

Quite frankly, there is no more important time to be thinking long term, rebuilding a solid economic foundation for our country and investing in good jobs to maintain U.S. competitiveness with countries like China, India and Germany. I agree

with you, Chairman Boxer and Ranking Member Inhofe, about the direct link between a strong transportation infrastructure and a strong economy.

There are 13.9 million unemployed workers in the U.S. and millions more who are underemployed or stuck in part-time jobs. Our building and construction trades workers have been particularly hard hit, with a national unemployment level at 22.5 percent and even higher in some crafts and areas of the country. Our construction union halls that once teemed with workers receiving training or heading to construction sites are now full of folks simply waiting for jobs.

Strong Federal investment in our transportation system has never been more important to support the economy and to create and sustain good jobs for U.S. workers.

The Department of Transportation estimates that every $1 billion in Federal highway investment, accompanied by the State match, creates or supports nearly 35,000 jobs.

At the same time, according to the American Society of Civil Engineers (ASCE), we face a $2.2 trillion deficit in 20th century infrastructure that is crumbling and in disrepair, and a broad array of 21st century infrastructure—especially in transportation, communications and clean energy—that is waiting to be built. The latest ASCE report gives our overall infrastructure a score of D. Our roads received a D, our bridges only slightly better with a C, our waterways a D−, and our rail systems a C−. Failure to invest in rebuilding our infrastructure for the 21st century will result in lower rates of economic growth—and thus lower tax revenues.

We cannot solve our long-term Federal deficit if we fail to invest in the future. When we are reduced to competing on who can make the biggest budget cuts, instead of deciding how to compete in the world economy and secure our future, then we are having the wrong conversation.

The debate about our future begins and ends concretely with the question of jobs and how we invest in our future.

What we want, and what our nation needs, is a strong economy, an economy where business can thrive and workers can build a decent life for themselves. Where they can afford a place to live, raise a family, take an occasional vacation, pay for their children's education and have a dignified retirement. In short, Madam Chairman, we want to revive the American Dream, so if you work hard and play by the rules you can succeed in America.

The example of the postwar boom—when deliberate economic policies created broadly shared prosperity that paid enormous dividends—shows us the way forward. High levels of public investment fueled robust GDP and job growth in the postwar period that reduced the debt-to-GDP ratio from more than 100 percent after the war to less than 30 percent in the 1970s.

During those decades, we built a transportation, highway, bridge, transit, port and aviation infrastructure that was the best in the world, and our economy boomed. Good jobs were created and we developed a strong middle class. But we have simply coasted through the past several decades, and this neglect will require a herculean effort to restore our competitiveness in the world.

In his State of the Union Address, President Obama called for programs that pave the way for the U.S. to "Win the Future." He said the U.S. needs:

" . . . to have the fastest, most reliable ways to move people, goods and information—from roads and airports to high-speed rail and high-speed Internet. We must build a 21st century infrastructure for America's businesses to ship their goods, products and ideas anywhere in the world. "

I agree.

Rebuilding our nation's crumbling infrastructure will employ millions of workers and ensure efficient and timely movement of goods, services and people throughout the system. Investments in rail, ports and maritime, transit, roads, bridges, airports and air traffic control must be made and are desperately needed.

Nowhere do we meet today's global standard. And that standard is not sitting still.

We are better than this.

I haven't been to China, though I hope to go soon. But I am told that when you fly to Shanghai, you land in a brand new airport, you have high-speed broadband access from the moment of your landing and you can get on a high-speed train in the arrival terminal that will take you directly to downtown Shanghai at over a hundred miles an hour. This set of experiences is simply not available in any city in the United States.

We invest less than half what Russia does in infrastructure as a percentage of GDP, less than one-third of what Western Europe does.

If we want to have a great future as a Nation, we cannot sit by and watch the future happen elsewhere and not here.

America wants to work. And the cost of inaction is already being felt. The Texas Transportation Institute's 2010 Urban Mobility Report estimates that the extra cost of fuel and loss of productivity from congestion on our highways alone costs our nation $115 billion a year.

Not only do we need a reliable and efficient highway system with expanded capacity, but a 21st century rail system to supplement our roadways in moving goods and people, supporting commerce and easing congestion. This means investing in high-speed rail, freight rail, commuter rail and transit systems. Many transit authorities are facing severe budget crises that are forcing service and job cuts at a time when demand for public transit is on the rise. These transit systems need help with their operational costs and we urge you to allow them the flexibly to use portions of their capital funds for this purpose.

Investing in infrastructure projects will not only make our country more efficient and put the construction sector back to work, but it also will boost our manufacturing sector. These projects create substantial long-term employment in manufacturing, design and engineering when we use the domestic U.S. supply chain to produce the materials that will be needed—from concrete, wire, steel and pipes to high-speed trains. And all this restores revenues for State and local public services struggling with budget holes as well.

The economic impact of investing in infrastructure can be maximized by a doing a few things to ensure our investments not only are a good value for taxpayers, but create good jobs, ensure the jobs are done right and are done by the best skilled, trained and professional workforce.

Investing in our infrastructure means also investing in our workforce. To build a 21st century transportation system requires a modem 21st century workforce. Craft training in transportation-related industries has been conducted through apprenticeship programs for over a century. Indeed, serving an apprenticeship was the original 4-year degree. Transportation investments should complement and support joint labor-management training and apprenticeship programs, not undermine them through investments of precious public dollars in training programs that fail to deliver for working people, employers and taxpayers.

When infrastructure investments are supported by Federal resources, Congress should require prevailing wages and other labor protections, regardless of the funding mechanism used. This will ensure that construction and transportation projects create and sustain good jobs and that these projects are done by a skilled, well-trained, local workforce, not by low-road employers.

To help workers and businesses in our manufacturing sector receive the benefit of our investments, Congress should implement strong "Buy America" provisions by making sure we are procuring products, such as steel wire and other materials, from industries and businesses within our shores.

While there is a growing consensus that investing in our infrastructure is the first, best thing Congress can do for our short- and long-term economic success, there is no such consensus on how to fund it at the level it requires.

We believe everything should be on the table when looking at funding sources—including utilizing innovative ideas, as well as beefing up revenue streams that currently fund the system.

Madam Chair, you have pushed for expanding the role of the Transportation Infrastructure Financing and Innovation Act (TIFIA), a successful Federal loan and credit enhancement program that could do a lot more.

The President has spoken up for the need for an Infrastructure Bank.

We should reauthorize the Build American Bond program. Other bonding mechanisms should be created or expanded to provide for private-sector investment in our nation's infrastructure. However, these tools should supplement, not replace, direct Federal investment.

Wall Street, whose businesses would be strengthened with a newer infrastructure, should also be asked to kick in. Congress could enact a transaction fee, a very small financial speculation tax of 0.05 percent, so small to be of no concern to any real investor but enough to raise more than $100 billion in revenue a year.

The Federal Reserve could allocate a portion of its bond authority to buy infrastructure bonds.

All of these ideas would help and should be considered, provided they contain the provisions necessary to create and sustain good jobs. But while these financing mechanisms can supplement our needs, they alone will not generate the robust levels of funding needed for us to stay competitive in the global economy.

We must rely on, and boost, our user-fee revenue streams as key components in addressing our huge infrastructure deficit.

The gas tax has not been raised since 1993. It now provides diminishing levels of funding and should be raised. There have been discussions about creating a user

fee based on vehicle miles traveled. This, along with other forms of user-fee funding mechanisms, needs to be considered.

We are willing to look at and consider all possible solutions to ensure robust levels of funding.

Public infrastructure, by definition, is the investment in projects that produce a broadly healthier economy. Private capital has never and will never adequately invest in public goods because private investors cannot capture the economic gains infrastructure creates. Investing in our nation's infrastructure is a key role of government because it is simply something the private sector cannot do on its own.

Federal investment in infrastructure is the necessary catalyst for future economic growth and to enable the private sector to effectively compete in the global economy. This investment is long overdue.

We need a robustly financed infrastructure bill, and we need it now.

Madam Chairman, it's not an accident that Mr. Donohue and I appear together before this committee today. It demonstrates that the need and urgency of the work to be done is not just recognized by one side of the political prism. Congress, too, needs to come together and address the most fundamental need of our country, a strong and efficient infrastructure.

The AFL–CIO stands ready to work with this Congress, the administration, business and others who want to move our country forward into the 21st century. Together, let's boldly take on the challenge of investing in America, investing in our future and keeping the American Dream alive for our children and our grandchildren.

RESPONSES BY RICHARD TRUMKA TO ADDITIONAL QUESTIONS FROM SENATOR INHOFE

Question 1. America's interstate system is now over capacity and nearing the end of its useful life. Truck traffic is estimated to double over the next 30 years. Our infrastructure's needs have been detailed in this Committee numerous times. They are staggering to say the least. What will be the impact on jobs, businesses and our economic competitiveness if we fail to address our nation's crumbling infrastructure?

Response. Failing to address our nation's crumbling infrastructure will have devastating effects on our economy. Delays and congestion already cost our economy $115 billion a year, and that number is steadily climbing. Our future economic well-being depends on an efficient and reliable transportation system. We simply cannot compete in a global economy by relying on an aging outdated transportation system that cannot handle current loads in many areas, let alone in the future. As I stated in my testimony, "if we want to have a great future as a Nation, we cannot sit by and watch the future happen elsewhere and not here." We are not just talking about spending, but rather making investments that pay all of us huge dividends in the long run. Good jobs and strong businesses rely on a transportation system that can meet our needs to move people, commerce, and commodities efficiently and reliably.

Question 2. It is no secret that our needs exceed the resources available in the Highway Trust Fund. We are not going to raise the gas tax, and finding new revenues for transportation is becoming more of a challenge. The President failed to address this in his budget. How do you think we can close the gap between the staggering needs and the limited recourses available in the Trust Fund?

Response. The trust funds receipts have become woefully inadequate to meet our transportation infrastructure needs. If we rely on existing revenue streams, at best we will be able to slow the decline of our system. I have said that everything should be on the table when it comes to revenue. I stand ready to work with Congress, business, and others to find solutions to provide the levels of funding that we need. I doubt there is a silver bullet solution to this problem. A variety of funding sources will be necessary to get us where we need to be. I outlined some ideas in my testimony, and I stand ready to discuss others.

RESPONSES BY RICHARD TRUMKA TO ADDITIONAL QUESTIONS FROM SENATOR LAUTENBERG

Question 1. Just over 2 years ago, President Bush signed into law my legislation to reauthorize Amtrak. But now, House Republicans want to go back in time and bankrupt our nation's intercity passenger rail service. More people, including many business travelers, take the train between New York and Washington D.C. than fly. How devastating would it be to the business community, particularly in the Northeast, if Amtrak were forced to cut services or even shut down?

Response. Shutting down or even cutting Amtrak service in the Northeast Corridor would have a severe impact on the national economy, since this congested region produces one fifth of the U.S. GDP. Many workers use Amtrak as their primary mode of transportation to and from work. Our already congested highways cannot adequately handle their current loads during peak hours. Reducing the availability of alternate modes of travel, such as Amtrak, would only exacerbate this congestion and make it more difficult for business to operate.

Question 2. Last week, Vice President Biden announced the Administration's plans to invest $53 billion over 6 years in high-speed rail. At the same time, House Republicans want to slash high-speed rail funding and some Republican Governors have given back high-speed rail grants. How will bold investments in high-speed rail help the U.S. to attract and retain businesses and good jobs?

Response. There are numerous studies that show our country's serious deficiencies in all modes of transportation. We need bold investments in infrastructure across the board, including high speed rail. These investments will create thousands of good middle class jobs in areas of the country where unemployment is high. Construction of high-speed rail with prevailing wage requirements will ensure quality work at fair pay. The Obama administration's strong commitment to Buy America requirements means these investments will spur economic investment in our manufacturing sector and create thousands of new jobs. Finally, Amtrak and its experienced workforce should be utilized to implement the high speed rail initiative. Investment in high speed rail is an essential step toward meeting our future needs to move people, commodities, and commerce efficiently across the country.

Question 3. It's estimated that our nation loses $115 billion every year in lost time and productivity because of just sitting in traffic. How would setting a national freight policy and providing more funds for freight projects beyond just air and highways create jobs and promote greater productivity?

Response. Our existing transportation system is already being utilized beyond its designed capacity, and this is hurting our economy. The rising demand for freight rail puts strains on a system that is in dire need of additional investments and improvements. We applaud President Obama's focus on multi-modal investments that will help our rail sector, make the nation's ports more efficient, and lay the foundations for long term economic growth.

Question 4. Amtrak has proposed building a new "Gateway Tunnel" under the Hudson River to increase high-speed rail and commuter rail service. The current rail tunnels are 100 years old and at capacity. New Jersey AFL–CIO President Charles Wowkaneck has said this project will "create thousands of construction jobs" and "expand access to good paying jobs throughout the region." What will it mean for job creation in New Jersey and the region if we fail to build a new rail tunnel under the Hudson River?

Response. New Jersey AFL–CIO President Charles Wowkanech is right when he says "the project will create thousands of good paying construction jobs in the region." Not only do we need to create those jobs, but workers need to have efficient and reliable access to where the jobs that match their skill sets are located. We have a mobile workforce, but workers need to be able to get to their jobs. System constraints that keep workers from getting to their job weaken our economy and prevent us from reaching our maximum employment and economic potential. The decision whether to open new routes to move goods, services, and people around the country is a choice between growth and stagnation for the local and regional economy.

RESPONSES BY RICHARD TRUMKA TO AN ADDITIONAL QUESTION FROM SENATOR CARPER

Question. There was some interesting polling data on transportation that appeared in the Washington Post on Monday. 93 percent of voters say that improving our country's transportation network is very or somewhat important. However, it is clear that Americans do not have substantial confidence in the Federal transportation program because 71 percent of voters oppose an increase in the Federal gas tax. How should the transportation reauthorization bill spend existing resources better and restore Americans' trust in transportation?

Response. This poll clearly shows that voters understand the transportation infrastructure needs facing our country. They see these needs every day as they commute on our crumbling bridges and highways. They see the delays and congestion in our transportation system that, studies show, cost the economy $115 billion every year.

As I said in my testimony, if we want to bring our transportation systems up to the level we need to compete in the global economy in the 21st century, all ideas for robust funding for infrastructure need to be on the table. But there is no doubt that people want to make sure their tax dollars are invested wisely. That means we need policies in place to ensure that infrastructure projects come in on time and on budget and are built by a skilled and trained workforce. If we do that, then not only can we help get America back to work, but help can also lay the foundation for long term economic growth.

RESPONSES BY RICHARD TRUMKA TO ADDITIONAL QUESTIONS FROM SENATOR SESSIONS

Question 1. The stimulus bill was advertised as being needed to "rebuild our crumbling infrastructure." However, only about 5 percent of the $800 billion in the bill went to infrastructure. Even those meager funds have been slow to pay out. As of last year, only 30 percent had been spent. Do you think that the stimulus bill adequately prioritized rebuilding our infrastructure, or should more of the money have gone to roads and bridges?

Response. We thought the Recovery Act was too small to fill the hole in our economy caused by the loss of $13 trillion in wealth in 2008 thanks to the financial crisis and the collapse of the housing bubble. Of course we would have liked to see more infrastructure investment in the Recovery Act. We would have also liked to see a surface transportation bill, like the one proposed by Congressman Oberstar, enacted at the same time as the Recovery Act, or shortly thereafter.

Question 2. As you may know, the Administration has proposed $53 billion for "high-speed rail" in its budget submitted to Congress. Multiple states, including Wisconsin and Ohio, are pulling out of the existing high speed rail program due to concerns about cost overruns. Studies by economists and consultants, including Alain Enthoven, William Grindley and William Warren, have placed the cost of the California line alone at between $62–$213 billion, well above the official estimate of $43 billion. The cost of a ticket from San Francisco to Los Angeles would likely cost $190 according to the studies, which is more than the cost of a plane ticket. Considering that the train would also be slower than a plane, it seems dubious that people would actually ride the train in the significant numbers. The only part of the U.S. where a high-speed train could even begin to make economic sense is in the Northeast Corridor. However, Amtrak estimated such a train would take 25 years to build and cost $117 billion. Given the extremely limited resources of our country, and high-speed rail's apparent lack of practicality, do you think that is the wisest use for our transportation dollars, or should more be spent on road instead, which we know every State needs more of?

I believe we need to bring our 20th century infrastructure up to date in all modes of transportation to help us compete in the 21st century. Of course our highway system is crumbling and is being utilized beyond its designed capacity in many areas. In coming decades we will need to support the needs resulting from population growth and the growth of business. That's why we believe in a multi-modal transportation system. Rail—whether transit, freight, or high speed rail—will have be part of the solution. It is unfortunate that the Governors in some states have turned down Federal funding for high speed rail. It reminds me of cities that didn't want to be on the interstate highway system when it was proposed by the Eisenhower administration, then years later had to figure how to get connected to it. Clearly, the current amount of revenue coming in to fund our transportation system is insufficient even to bring our existing system up to date, and unfortunately this funding shortfall pits one mode of transportation against another. Our future transportation needs will require investment in a multi modal approach if we are to remain a strong economic leader in the global economy. Transportation infrastructure spending is an investment that, history has shown, will pay huge dividends for year into the future.

Senator BOXER. Thank you very much for that testimony. We look forward to hearing from Mr. Donahue next.

STATEMENT OF THOMAS J. DONAHUE, PRESIDENT AND CEO, THE U.S. CHAMBER OF COMMERCE

Mr. DONAHUE. Chairman Boxer, Ranking Member Inhofe and distinguished Members of the Panel, thank you for inviting us to be here with you today.

Rich and I may seem like the oddest couple since Felix and Oscar, but the truth is that business and labor have chosen to set aside certain differences to focus on achieving shared goals such as infrastructure improvement, immigration issues, some national defense questions and, I am sure, going forward, some questions on how we expand manufacturing. We may not be Face Book friends, but we can occasionally find some serious common cause, pool our resources and get some things done.

It underscores a fundamental point about the U.S. Chamber and that is we will work with anyone who shares our goals of creating jobs, growing the economy and enhancing our competitiveness as a Nation. Just last week we were proud to host the President at the U.S. Chamber to discuss how we can achieve our mutual objectives of trade, education, innovation and jobs.

It is in that spirit of cooperation that I urge the Members of the Congress, beyond this Committee, to set aside their ideological and partisan differences and unite behind an issue that all of us should be able to support, the rebuilding of the physical platform that supports our national economy.

Madam Chairman, I am not going to spend my brief time this morning recounting the endless parade of statistics about the deteriorating condition of our roads and bridges, our rail and air and seaports, our lochs, our dams, our inland waterways and our electricity grid. The needs have been studied to death and quantified by many organizations including the Chamber itself.

I would say, however, that my experience in the past as the head of the American Trucking Association taught me that the only way to ever make these highway bills and these processes work is to build an issue where you get urban votes for rural roads. Urban votes were the issues that Senator Lautenberg was talking about, the questions of transit and other matters, and the only way you are going to get enough votes from this Congress to do the things we have to do throughout the country is by having a broad multidimensional program.

In fact, for years the Chamber has been talking about that while also sounding the alarm. We have cited the economic costs of congestion, as Rich talked about, we have underscored the number of lives lost on the highway every year that do not have to be lost, we pointed out the negative impact of an aging transportation infrastructure, and we have outlined the yawning gap between what is needed to fund a modern system and what we are actually investing.

We have emphasized the hundreds of thousands of good paying jobs that could be created if we modernized our highways, transit systems, airports, seaports, waterways and rails. Last year, our Transportation Performance Index was the first ever to establish a direct link between the performance of our transportation infrastructure and economic growth.

We have provided members of this Committee with a copy of this unique and important study and I urge you to review it because we are going to put two more after it on energy and water and other technology issues so we can see what is the effect on our global economy, on our competitive position, on what is going on with infrastructure.

The bottom line is this. If we embrace the status quo and fail to make the needed investments, the future is not going to look very attractive to us. If we do not change course, the Index projects that over the next 5 years, the economy could forego as much as $336 billion in lost growth as transportation networks continue to deteriorate.

Fortunately, and it is pretty obvious to all of you, there is another path. By making the necessary investments and implementing needed reforms, we can transform our transportation networks, making it far easier for people and goods to move quickly and safely across the country and around the world.

So, how do we move forward on rebuilding America? We must begin by reauthorizing SAFETEA-LU. We must do so following these core principles.

First, the Congress must ensure Federal transportation policy, programs and resources are oriented around our national needs. Over the years, these programs have devolved into political redistribution of Federal dollars instead of thoughtful investments benefiting the Nation as a whole. We need to focus our investment for performance that will add to long-term economic growth.

Second, we must adopt strategies, and technologies, by the way, that will reduce congestion, improve mobility in urban areas, and maximize the use of existing assets. For the average motorist, nothing underscores the dilapidated state of our infrastructure and its shrinking capacity than widespread congestion. The Texas Transportation Institute, which you mentioned, just updated the Urban Mobility Report and you heard from Rich the tremendous amount of money that is going down a rat hole because we are not investing in our infrastructure.

Third, the bill must help ensure rural connectivity. The majority of the United States' natural and agricultural resources are located in rural areas. Congress should provide Federal investment in small communities and rural areas to support connectivity to major economic population centers.

Madam Chairman, I would mention that years ago when I ran the truckers, lots of people in California were working all the time on how you get more of what you sent to Washington back. I said at a meeting out there once, if we do not build some roads in Las Vegas and through Nevada, you are never going to get out of Southern California. That is the thing that we have to explain to people. You might have huge economic centers around this country, but they are connected by major rural areas and we have to invest in all of those locations.

Fourth, we believe that Congress should develop a comprehensive freight program to ensure adequate capacity, reduce congestion, and increase through put at key highway, rail, waterway and intermodal choke points, all national infrastructure. The growth in international trade, oh, and, by the way, domestic trade, is over-

whelming intermodal freight capacity and it is only going to get worse. The Federal Government currently does not have a comprehensive plan to accommodate and support existing and forecast freight flows. It needs one now.

Fifth, we believe the Congress and the Administration must maximize the use of existing infrastructure and streamline project delivery for new infrastructure. Better strategies and the smart use of technology can help us get the biggest bang from our existing buck. That is just as true for nuclear power facilities as it is for rails, bridges, ports and most of our infrastructure. That is why we urge this Committee to ensure that the Nuclear Regulatory Commission is properly re-licensing its existing plants without further delay.

Speaking of licensing, our citing and permitting process for new infrastructure is well beyond deeply flawed. I mean, we are excited that we have new ways to do this and we are cutting the time. You wonder why the money that was put aside for stimulus could not have been put to work with shovel ready projects. We have plenty of shovel ready projects. We do not have any permit ready projects. There is a whole industry in this country that takes years and years and years until we finally go build a road or fix a bridge. Quite frankly, we could save a hell of lot of money and build a lot of infrastructure if we just fixed that.

Put simply, it takes too damned long to build anything in this country. The result is inefficiencies across the system, increased project costs and trouble with financing. Who is going to invest in a 30 year project? They want to know when it is going to get done.

Finally, the bill's guiding star must always be safety. It is a national disgrace that 34,000 Americans die on our highways every year or 100 people every day. We can do better.

Let me say a word about funding. I want to say, Rich, thank you for starting. I am not sure that I am going to jump up and down and suggest the transaction tax because you should know money goes where it is welcomed and it may end up in Hong Kong tomorrow morning because it will not pay a tax. But I really think that you raised the issue. That is the big question. How do we pay for it?

There needs to be a vigorous dialog on funding and financing. But first we have to agree on the direction in which we are going. We will soon enough get to how much will it cost and how do we pay for it. So, I would simply say everyone needs to keep an open mind.

I am well aware of the fiscal constraints facing the Congress, the battles that are going to take place here. But the arguments have been made that this money returns on its investment. We have to avoid cutting off our nose to spite our face. Without proper investment and attention to this infrastructure, the United States' economic stability, its potential for job growth, our competitiveness and our quality of life are going to change. So, it is not a time to cut back.

Now is the time to leverage public resources against private investments. There is $180 to $200 billion sitting there in the private sector ready to invest in infrastructure if we can compress the time, get the projects going and get underway.

For our part, the Chamber and its Americans for Transportation Mobility Coalition, which, by the way, involves a whole number of labor unions, are ready to work with everyone to make this happen.

Madam Chairman, America astounded the world in the 20th Century by building the most advanced, extensive and efficient transportation system. As was stated in your own comments, it fueled our economic growth, it expanded our horizons, and it made us the envy of the world.

So, it is time from my view, and our citizens believe, it is time to go do it again. You have to find the money. We have a system right now of user fees that should not be abandoned. We are prepared in questions and discussion and following up to this to talk about our vigorous support from ways to fund this. So it is time for us to get on with it because sufficient, smart and judicious investment in our infrastructure is where it all begins.

If you think about our infrastructure, it is this table on which we are going to play our Monopoly game of commerce. If we do not have it, we are going to pay a horrific price for it.

Thank you very much for inviting me.

[The prepared statement of Mr. Donahue follows:]

STATEMENT OF THOMAS J. DONOHUE, PRESIDENT AND CEO, U.S. CHAMBER OF COMMERCE

Chairman Boxer, Ranking Member Inhofe, and distinguished Members of the Senate Environment and Public Works Committee: thank you for the opportunity to be here today to explain the urgency and the importance of Federal leadership and investment in highways and public transportation. Now is the time to work on a bipartisan basis to pass the legislation that will maintain, modernize, and expand this critical surface transportation infrastructure: reauthorization of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU reauthorization).

Public and private investment in the economic foundation of the United States is critical for long-term economic prosperity. The United States' global competitiveness is dependent on construction and maintenance of a world class infrastructure. As the President recognized in his State of the Union address, lasting jobs grow where infrastructure is strong.

The needs have been studied to death and quantified by many organizations including the U.S. Chamber. In fact, for years, the U.S. Chamber has been sounding the alarm about our nation's deteriorating and underperforming transportation infrastructure.

We have cited the economic costs of congestion on the ground, in the air, and at our ports. We have underscored the number of lives needlessly lost to poor roadway conditions. We have pointed out the negative impact an aging transportation infrastructure system has on our ability to compete globally.

We have outlined the wide gap between what is needed to fund a modern system and what the U.S. is actually investing. We have emphasized the hundreds of thousands of good-paying jobs that could be created if we modernized our highways, transit systems, airports, seaports, waterways, and rails.

Last year, the Chamber became the first organization ever to measure the performance of the transportation system and to make a direct link between the performance of transportation infrastructure and economic growth.

IS THE TRANSPORTATION SYSTEM WORKING FOR THE U.S. ECONOMY

Last year, using well-respected experts, the Chamber developed a way to measure transportation infrastructure performance nationwide and in each of the 50 states. This project, called the Transportation Performance Index (TPI) shows how well the U.S. transportation system is serving the needs of businesses and the overall U.S. economy.

To build the TPI, we asked businesses, economic development experts, and public sector agencies what mattered most when it came to transportation infrastructure.

They gave us feedback that fell into three categories. The first was supply: the availability of infrastructure is a key consideration for businesses when deciding where to locate their facilities. The second was quality of service: is the infrastructure reliable, does it provide predictable service, and is it safe? The third category was utilization: can current assets sustain future growth? Utilization is a key consideration for companies like FedEx and others that look 20 years into the future to inform the decisions and investments they make today.

Based on their input, we identified indicators in each mode of transportation, and then weighted and combined them (much like the Dow Jones Industrial Index) to give a picture of the transportation system's performance.

From 1990 to 2008 (that last year for which complete, publicly available data was available), the TPI increased about 6 percent overall. In contrast, U.S. population grew 22 percent, passenger travel grew 39 percent, and freight traffic grew 27 percent. Given these facts, it is a testimony to business ingenuity that the national results are not worse. Businesses work around transportation challenges by scheduling deliveries in off-peak hours, implementing flexible employee work policies, and substituting information technology for transportation services. There are also countless stories of transportation infrastructure owners using the engineering equivalent of duct tape to hold infrastructure together and crafting creative operational strategies to enhance throughput.

In contrast, as we projected out to 2015, we estimate that the TPI is going to decline at a rate of nearly one point per year. We will observe more traffic congestion, breakdowns of the inland waterway system and delays at airports. We will lose 0.3 percent of Gross Domestic Product (GDP) for every one point decline in the TPI, translating to $336 billion based on 2008 GDP.

The Chamber's Transportation Performance Index proves that enhancing the performance of transportation infrastructure is a vital part of creating sustainable, long-term growth . . . growth our nation desperately needs.

THE HIGH COST OF UNDERPERFORMING TRANSPORTATION SYSTEMS

The TPI tells us that without addressing the transportation problems in this country we will undermine economic growth.

Our national transportation system is critical for long-term economic prosperity, supports Americans' high standards of living that has driven economic expansion, and is the backbone of our business supply chain.

As the President recognized in the State of the Union address, lasting jobs and economic development grow where infrastructure is strong. The President said, "Students of history will remember that America is the Nation that built the transcontinental railroad, brought electricity to rural communities, and constructed the interstate highway system. The permanent jobs created as a result of building the transcontinental railroad or the interstate highway system came from businesses that opened near a town's new train station or a new off-ramp."

Almost 30 percent of the nation's economic output is totally dependent on international trade. As we seek to double exports over the next 5 years by exporting to the 95 percent of the world's population that lives outside of the United States, our transportation system must be up to the task. It will also be critical to our competitive advantage as a nation as competitors invest in their own infrastructure to compete with the United States.

Quality transportation infrastructure unleashes competitive advantage by leading to lower production costs making U.S. businesses more efficient, making the United States a desirable location for new and existing businesses, and also making U.S.-produced goods and services more competitive in the global economy. However, deteriorating infrastructure in the United States may actually be contributing to increased costs and decreased efficiency for American businesses (Cambridge Systematics, 2008). The consequences of an underperforming system are hundreds of billions of dollars annually in wasted fuel, lost productivity, avoidable public health costs, and delayed shipments of manufacturing inputs, consumer goods and other items critical to the underlying growth of our businesses.

Without smart investment the U.S. infrastructure American businesses will to lose ground to major international competitors. Recognizing the benefits of well-developed infrastructure, both less-developed and emerging market competitor countries are preparing their transportation systems to move away from producing low-wage goods to producing the types of products that require the specialization of labor that transportation infrastructure makes possible (Praxis Strategy Group and Kotkin, 2010).

While the United States has maintained its position at the top of the overall World *Competitiveness Yearbook* rankings (IMD, 2010), the U.S. sub-ranking for

Basic Infrastructure has degraded since 2005. The World Economic Forum also performs an annual infrastructure ranking in the Global Competitiveness Report. The result is similar: U.S. transportation infrastructure is falling behind.

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

Congress has an array of legislative opportunities to tackle our transportation challenges. From the analysis of our TPI findings, the Chamber believes that formulating policies, programs and investment strategies, four items should be on top of the to-do list:

- Get transportation infrastructure to a State of good repair.
- Fix congestion today.
- Create capacity for the future by both optimizing of systems and building physical capacity.
- Target last mile infrastructure—in particular intermodal freight access—and bottlenecks.

HIGHWAY AND PUBLIC TRANSPORTATION FOCUS: SAFETEA-LU REAUTHORIZATION

Of course, today, we are talking about two aspects of the nation's transportation system in particular: the roads and bridges that are an essential aspect of supply chains and personal mobility, and the public transportation networks that move our employees and America's citizens.

In November 2008, the Chamber's board of directors approved a set of recommendations that describe high-level objectives the business community deems necessary for a successful bill.

Below are selected U.S. Chamber recommendations I would like to highlight today (others follow the written testimony):

Congress must ensure Federal transportation policy, programs, and resources are oriented around national needs related to U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense.

Overall, there is a need to reform and refocus Federal transportation policy and programs to better align with national goals and priorities. Over the years, the number of Federal aid highway and transit programs has expanded creating 108 different funding categories varying widely in purpose. Programs—even formula programs—have devolved into a political redistribution of Federal dollars.

As businesses plan for the future the U.S. Government must invest with a purpose. There needs to be a way to make thoughtful investments in regionally and nationally significant projects. Americans need to think strategically as to where these investments go, to create a system that creates a competitive advantage for the U.S. economy. For example, Canada developed and deployed strategies a national approach known as the "Gateways and Corridors Strategy" that is a shared vision of goods movement with the private sector.

The scope of activities supported by the Federal programs means that Federal dollars can be spent on anything from Interstate bridges to city sidewalks, new transit systems to Federal Lands' roads, museums to intermodal facilities. The list goes on and on. While there are many potential uses of Federal funding, each with a constituency, now more than ever—especially when the fiscal environment and knowing that new funding is going to be difficult to come by—taxpayers need to have faith that the cents per gallon they pay at the pump are being invested in high priority transportation projects that will produce better transportation system performance and in turn, long-term economic development and growth, and permanent jobs.

Federal programs should continue to emphasize safety and maintenance efforts

Every day on our highways and streets, more than one hundred people are killed by fatal crashes. In 2009, more than 33,000 individuals died on the roadways and another five million were injured. This number can be and must be drastically reduced by making our roads and roadsides safer and more forgiving. According to a study by the American Road and Transportation Builders Association, in 2006, roadway condition is a contributing factor in more than half—52.7 percent—of the nearly 35,000 American deaths resulting from motor vehicle crashes each year and 38 percent of the non-fatal injuries.

There is a clear national interest in ensuring adequate passenger mobility, particularly in large metropolitan areas. Congress should develop Federal policy and pro-

grams that support congestion mitigation and improved mobility in urban areas by providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities, supporting public transportation capacity, availability and ridership strategies, and highway capacity where appropriate.

Much of America's economic activity is based in metropolitan areas. The 100 largest metropolitan regions in the United States account for just 12 percent of the land area but contain 65 percent of the population, 69 percent of all jobs, and 70 percent of the nation's GDP. The largest 100 metropolitan areas also serve the majority of our transportation activity, handling 72 percent of all foreign seaport tonnage, 79 percent of all U.S. air cargo tonnage, 92 percent of all air passenger boardings, and 95 percent of all public transit passenger miles traveled.

Traffic congestion is, quite simply, one of most—if not the most—vexing and critical problems to address. The authority on the costs of congestion, the Texas Transportation Institute, just updated its Urban Mobility Report, and the news isn't good. Congestion costs the American public $115 billion a year lost in time and wasted fuel, or $808 dollars out of the pocket of every motorist. There is not a one-size-fits-all solution to congestion relief. In some places it requires more physical highway capacity. In others, technology and smarter transportation strategies that increase throughput are the answer. Cities in other countries are using innovative management approaches including congestion pricing: this is an option that we are open to as well. And as you well know, investment in public transportation is critical for congestion relief and mobility.

While the U.S. population is increasingly shifting away from rural areas into massive "megaregions," ensuring rural connectivity is a vital to the national interest.

The majority of the United States' natural and agricultural resources are located in rural areas. Further, smaller communities must build and maintain the full range of infrastructure regardless of population size. Congress should ensure improved rural connectivity by providing Federal investment in small communities and rural areas to support connectivity to major economic and population centers.

Congress should develop a comprehensive freight program to ensure adequate capacity, reduce congestion, and increase throughput at key highway, rail, waterway, and intermodal choke points.

The Federal Government currently does not have a comprehensive plan to accommodate existing and forecast freight flow.

When it comes to goods movement, particularly important is the "last mile" infrastructure that links people and products to their final destinations: whether travel is by rail, marine or air transportation, or by roads or public transportation itself, without the last mile no journey is complete.

High priority corridors need attention. For example, the LA–1 corridor is a fragile, two-lane highway and the only artery to America's Energy Port—Port Fourchon. It is the critical link between the land-side support services and America's domestic energy production in the Gulf of Mexico.

Infrastructure investment also plays a role in speeding border crossings. Nearly one-third of all trade on the U.S. Canada border is intra-company delivery of input materials, which means that anytime delayed at the border lowers the competitiveness of our businesses and serves as a tax on the consumer. Furthermore, no one would argue that the current border infrastructure was designed for today's traffic flows. This has a negative impact on the ability of Customs and Border Protection to effectively execute their mission of facilitating legitimate trade, and securing our country.

Given the transportation sector contributes roughly one-third of all carbon emissions and is responsible for the consumption of two-thirds of the nation's petroleum resources, any climate change legislation is bound to have significant down-stream ramifications for transportation users.

The Chamber encourages Congress to consider the preservation of American jobs and the competitiveness of U.S. industry when devising policy. Furthermore, any approach to climate change should be international in scope, should promote the accelerated development and deployment of greenhouse gas reduction technology, should reduce barriers to developing climate-friendly energy sources, and should encourage energy conservation and efficiency.

The Chamber also believes that Congress and the administration can do a great deal more to speed up project delivery.

According to the Federal Highway Administration (FHWA), major highway projects take on average about 13 years to get from project initiation to completion while project development activities under the Federal Transit Administration's (FTA) New Starts program average more than 10 years. Delayed project delivery creates inefficiencies across the systems, translates into increased project costs, and can undermine finance plans. Congress should looking at efforts like the I–35W

Bridge reconstruction in Minnesota, which took just over a year from start to finish, as a model.

The Federal Government should continue to support research, development, and application of improved technologies that improve infrastructure design, construction, maintenance, financing, and operations, and increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

PAYING FOR HIGHWAY AND PUBLIC TRANSPORTATION NEEDS

There needs to be a vigorous dialog on funding and financing, but first we have to agree on the direction we are going. Too many times in the past all of us—elected officials, interests, the media and the American people—have started with the questions of "How much is needed?" "How much do we have to work with?" I commend the committee for starting with "What we need, what can we do, and what are the benefits?" We will get soon enough to "How much will it cost and how will we pay for it."

So my point on paying for it all is that everyone needs to keep an open mind. I am well aware that Members of Congress and the Obama administration are faced with difficult fiscal circumstances. It is clear that Federal budget and appropriations processes appear dominated by discussion of deficit reduction, and Americans expect their leaders to make tough choices just as they have for their own households. However, without proper investment and attention to our infrastructure, the United States' economic stability, potential for job growth, global competitiveness and quality of life are all at risk.

Investments in the nation's highways and public transportation systems are a core Federal Government responsibility. For the good of our economy Congress must continue to increase investment in our infrastructure: now is the wrong time to cut back.

There should be strong incentives for investment of private sector resources and leveraging of public dollars to the greatest extent possible. Barriers to private investment including regulations and administrative processes that make project delivery take far too long should be removed or reformed. Every State should have laws that not only allow, but welcome, private investment. I know you are well aware, Madam Chairman, of the power that expanding the TIFIA (Transportation Infrastructure Finance and Innovation Act) program holds. It is one of the best deals around: each dollar of Federal funds can support up to $10 in TIFIA credit assistance and leverage $30 in transportation infrastructure investment. In fact, I spoke yesterday with Los Angeles Mayor Antonio Villaraigosa about his plan to unlock the gridlock in Los Angeles with accelerated investments in a suite of public transportation projects called 30/10 using TIFIA, and TIFIA could be expanded and applied elsewhere in the country. These ideas are just a few that can help bring private investment and strategy public dollars.

Now, all of that said . . . public-private partnerships and lower-cost Federal credit programs are not substitutes for direct Federal investment: they are financing and project delivery tools.

Although there are many potential tools to provide financing assistance, these tools do not actually generate revenue or support guaranteed funding levels. By guaranteed funding, I mean the predictable, multi-year dollars provided largely by formula to states. This is the bread and butter for maintaining and modernizing our existing highway and transit infrastructure. Investments in the nation's highways and public transportation systems are a core Federal Government responsibility. Therefore, Federal resources provided from the Highway Trust Fund (HTF) to states should provide stable, certain funding over a multi-year period.

OTHER TRANSPORTATION NEEDS

Of course, addressing highways and public needs is not sufficient to improve the performance of the nation's transportation system and prepare for future demands.

If the U.S. is going to double exports—and many of those exports like grain, aggregates, and coal rely on a reliable inland waterway system—we cannot neglect the oldest avenue for goods movement in the U.S.—our waterways. The mouth of the Mississippi River needs dredging: barge companies are losing $640,000 per day while waiting for the Army Corps of Engineers to literally clear a path to the Gulf Coast and to the customers around the world waiting for U.S. exports of grain, aggregate, and energy products. It takes the Army Corps 20 years to do a project, and to make matters worse, Congress dribs and drabs out money. For example, a $158 million flood plain project in West Virginia is getting appropriations at the rate of $1.5 million per year. This approach makes this low-cost form of transportation unreliable and gives our competitors in these low margin products a real edge.

It is past time to prepare for the opening of the Panama Canal in 2014, but there is still tremendous uncertainty over whether the United States will be ready. Intermodal connections at the Port of Norfolk are insufficient for offloading that volume of cargo. The Port of Miami—one of three East Coast ports with Federal authorization to dredge deep enough to accommodate Super Post-Panamax ships—must have a Federal appropriation to stay on track for dredging and create 33,000 trade-related jobs.

When the economy rebounds, the freight rail industry will go back to experiencing real capacity shortages. It is important to note that America's freight railroads operate almost exclusively over infrastructure that they build and maintain with their own private funds. From 1980 to 2009 they invested more than 40 cents out of every rail revenue dollar to maintain and improve their rail network infrastructure and equipment. The freight railroad industry requires a balanced, common-sense regulatory system so it will continue making record investments in its own capacity. Congress should help build future capacity and deal with today's bottlenecks by enacting a freight rail investment tax credit to encourage private capital investment.

The Chamber is pleased to see attention to investment in aircraft equipage and air traffic control technologies to expedite the transportation to NextGen and add capacity. It will also have the benefits of reducing emissions and increasing safety, and we also have to address aviation needs on the ground.

In short, there is a system of transportation networks, and they all must function well to support competitiveness.

IN CONCLUSION

Today we are not talking about stimulus . . . we are talking about growing the economy in a fundamental, ongoing way.

Delaying investment will not make transportation problems go away. Instead, conditions and performance will get worse. Materials, labor, and land will get more expensive and our businesses will be less competitive. Opportunities to save lives will be missed. Americans are already paying dearly for inferior transportation, through lost productivity, wasted fuel, and tragically, more crashes.

There should be no further delay on a multi-year authorization of the Federal highway and public transportation programs. The Chamber's business members large and small engage in long-term planning that relies on assumptions about the economic foundation of our country. Passage of a strong highway and public transportation authorization proposal with bi-partisan support will help to set the table on which these companies and their employees conduct business.

Madam Chairman and Members of the committee: you understand the urgency and importance of getting to work on SAFETEA-LU reauthorization. For our part, the Chamber and the Americans for Transportation Mobility Coalition is ready to work with you, the AFL–CIO, and anyone else to move forward with investing in America's economy. There is no greater priority than economic growth.

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

U.S. Chamber of Commerce Policy Declaration

Transportation Infrastructure-General

PREAMBLE

It is time to strategically plan and invest in the U.S. transportation system. Transportation infrastructure capacity is more vital than ever to the success of U.S. industries. A well-designed, interconnected transportation network with adequate capacity and efficient management has significant economic and social benefits to the nation's economy. In order to keep pace with transformations of the national and global economies, the U.S. transportation system needs to expand, modernize and adapt to the changing and growing needs for freight movement and passenger mobility. Long term underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.

POLICY OBJECTIVES

1. Promote the link between sound transportation infrastructure development programs and our nation's economic productivity, international competitiveness, and quality of life.
2. Promote increased public and private investment in transportation infrastructure in order to maintain and improve economic growth, jobs, safety, mobility, and interconnectivity.
3. Ensure public funding is spent efficiently and effectively at the Federal, State and local levels. At the Federal level, priority should be given to safety needs, the facilitation ofcommerce and passenger mobility.
4. Encourage the efficient use of existing transportation infrastructure, promoting polices and new technologies that will maximize freight and passenger mobility, ease congestion,and improve safety.
5. Encourage transportation infrastructure policies consistent with energy, environmental and security policies.

FUNDING

1. Government at all levels should make public investments in infrastructure at levels commensurate with needs.
2. Costs of transportation infrastructure should be borne primarily by the users of the transportation system. However, funding and financing models for transportation infrastructure necessarily will vary among and within modes of transportation.
3. Private investment in transportation infrastructure that promotes economic growth, safety, mobility, and interconnectivity should be encouraged alongside strong, publicly funded programs.
4. Whenever possible, the provision of commercial transportation services (e.g. trucking, freight rail, and air travel and cargo) should be left to private enterprise functioning in a competitive market, and the costs of those services should be borne directly by the customers of the services through market prices.

REVENUE DIVERSION

1. Transportation taxes, revenues, and other user fees should be reinvested in transportation infrastructure and services.
2. Costs of non-transportation objectives should not be imposed on the transportation system, and Federal transportation infrastructure funds should not be conditionally linked to the enforcement of non-transportation infrastructure mandates.
3. Transportation trust funds should be maintained as separate and distinct accounts for budgetary purposes and budgetary firewalls should be maintained.
4. Transportation trust funds should maintain adequate balances to protect against insolvency but should not maintain uncommitted surpluses.

REGULATIONS

1. The need for additional transportation regulations should be balanced with the Nation's needs for improved economic productivity, international competitiveness, and quality of life.
2. In implementing environmental, fuel economy, health, safety, and technological feasibility programs that affect transportation, the Federal Government should ensure that its standards and other regulations are economically practical for industry as well as cost effective to consumers.

3. Government agencies should ensure that regulation does not unnecessarily impede or delay the development and deployment of innovative products or processes that may improve the quality, performance, or durability of our transportation systems.

U.S. Chamber of Commerce

Recommendations to Congress Regarding

SAFETEA–LU Reauthorization

DEFINING THE NATIONAL INTEREST AND THE FEDERAL ROLE

- The U.S. Chamber of Commerce believes that Federal transportation policy, programs, and resources should support U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense, which are compelling national interests.

POLICY OBJECTIVES

Therefore, the Federal Government bears significant responsibility to ensure that efforts advancing the following policy objectives are prioritized and funded.

Modernization and Maintenance.

- Highway, transit, and intermodal assets identified as being in the national interest should be brought into a State of good repair and modernized. Congress should outline a comprehensive plan involving Federal, State, local, and private stakeholders to
  - define and identify highways, transit, and intermodal assets in the national interest,
  - establish performance measures to guide government investment, and
  - incorporate technology and safety upgrades, including open standards-based information technology, into modernization, maintenance and preservation activities to the greatest extent possible.

Safety

The U.S. Chamber supports a continued Federal role in ensuring a comprehensive, results-oriented approach to safety through national safety goals, performance metrics, and complementary plans to guide investment.

Incentives should be provided for applying best practices and advanced safety technologies and equipment.

Freight Mobility

- A national freight transportation program for identifying and funding Federal, state, and metropolitan efforts to ensure adequate capacity, reduce congestion and increase throughput at key highway, rail, waterway and intermodal choke points is needed.
- The program should include a national freight transportation plan built on performance measures and should include a comprehensive survey of key freight corridors and other assets.
- A national freight transportation plan should incorporate the development of new capacity, access routes to major water ports and airports, access routes to border crossings and international gateways, operational strategies to improve utilization of existing assets, and strategic intermodal investments to expedite freight movement.
- The plan should guide government project selection and prioritization.
- The program should not dilute other Federal transportation priorities.

Urban Mobility

- Federal policy and programs should support congestion mitigation and improved mobility in urban areas by
  - providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities,
  - supporting public transportation capacity, availability and ridership strategies where appropriate, and
  - supporting increased highway capacity where appropriate.

Rural Connectivity

- Federal investment in small communities and rural areas should primarily support connectivity to major economic and population centers.
- Investment should be guided by national connectivity goals, population density thresholds, and standardized measures of access.

Environment and Energy

- Our country's energy goals will only be met by a commitment to technology innovation and to all types of available energy sources.
- Climate change policy choices have major economic consequences and should not be made without adequate opportunity for debate by lawmakers. Any and all policy decisions relating to the control or reduction of greenhouse gas emissions should be based on a complete understanding of scientific, economic, and social consequences, in order to ensure balanced industrial growth, economic progress, high-quality living standards, and a healthy environment.
- Any and all climate change policy decisions must
  - preserve American jobs and the competitiveness of U.S. industry,
  - provide an international, economy-wide solution, which includes developing nations,
  - promote accelerated development and deployment of greenhouse gas reduction technology,
  - reduce barriers to developing climate-friendly energy sources, and
  - promote energy conservation and efficiency.
- The voluntary use of all forms of public transportation that can be demonstrated to be energy efficient and cost-effective should be encouraged in a way that does not restrict individual choice among competing transportation modes.
- Strategies for improving air quality in regions of the country that do not meet Federal standards (e.g., NAAQS nonattainment for a criteria pollutant) must recognize the importance of technological innovation and modernization of the economic base in achieving environmental quality, and must not place an undue burden on economic development.

METHODOLOGY

Program Consolidation and Accountability

- Federal programs should be reorganized and consolidated around specific, overarching national objectives to ensure that planning is more comprehensive and projects reflect the Federal role.
- Project approval and funding should be linked to economic benefits and performance-based outcomes.
- Performance-based outcomes should be achievable and cost-effective for consumers and economically practical and feasible for industry.
- States and localities should be allowed to pursue solutions that work best locally to meet their unique transportation needs. If those solutions are implemented with Federal funding, they should measurably contribute to addressing national interests.

Research and Development

- The Federal Government should support research, development, and application of improved technologies that
  - improve infrastructure design, construction, maintenance, financing, and operations, and
  - increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

Project Delivery

- The Federal Government should improve and make consistent the project review and approval process for all modal investments to ensure the completion of transportation infrastructure improvements in a timely and environmentally sound manner.
- The Federal Government must shorten the time it takes to complete environmental reviews and must support other measures to speed project delivery once they clear environmental review.
- The Federal Government should encourage private sector involvement to help expedite project delivery.
- Life cycle costs should be utilized in Federal-aid projects where appropriate.

FUNDING

Federal Funding Levels

- Funding levels should be directly tied to fulfilling the Federal responsibility in meeting the national interest.
- Current revenue streams are not sufficient to maintain Federal-aid highway and transit programs at existing service levels, nor will they be sufficient to meet projected future highway and transit needs.
- Additional revenues are required, and the U.S. Chamber will evaluate funding levels in relation to proposed policies and programs that support the national interest and reflect an appropriate Federal role.

Federal Revenue Principles

- A user fee-based trust fund, protected by budgetary firewalls, should be the backbone of Federal highway and public transportation investment.
- Funding guarantees, which provide support for stable, long-term capital planning, should be maintained. General funds supporting transit programs should be guaranteed.
- Unobligated revenues should not be allowed to accumulate in the Highway Trust Fund beyond amounts necessary to meet cash-flow requirements.
- Revenue mechanisms should be structured to ensure that the purchasing power of revenue sources keeps pace with inflation.
- Congress should develop a road map for a sustainable revenue model that maintains an equitable distribution across all system users, provides adequate and predictable revenue, and is administrable with minimal overhead.
- Funding allocations from the Highway Trust Fund should be strictly assigned only to transportation purposes.

Private Investment and Financing

- The Federal Government should encourage project financing and delivery approaches that attract private investment.
- The Federal Government should expand its role as a financing partner and a lender of last resort.
- Congress should lift the cap on private activity bonds for highway and transit infrastructure.

Earmark Reform

- Earmarks can undermine the integrity of Federal transportation programs and should be limited if they are not related to, or are only tangentially related to, transportation infrastructure,
  - do not address the goals of Federal transportation policy, and
  - have limited or no national benefit.
- Any funds earmarked for specific projects in the next authorization should be obligated during the authorization period.

Conditions for Chamber Support of Increased User Fees

- The U.S. Chamber would support an increase in user fees if Congress advances a reauthorization bill that realistically achieves the following:
  - A refined Federal role, oriented to achieve national interests.
  - Significant program reform emphasizing performance management and accountability to ensure that costs are minimized and benefits are maximized.
  - Improvement in the integrity of user fees by limiting earmarks and non-transportation spending.
  - New opportunities to access private sector funding sources.
  - The establishment of a road map for a sustainable revenue.

Senator BOXER. Well, let me say it to both of you. You were eloquent and to the point, and it is refreshing for us to see you sitting side-by-side. I am excited that you are going to work together on a manufacturing initiative.

I can only just say, from my perspective, that you really are a hope for us because there are some great divides on so many issues around here and if we can make you two the symbol of coming together because the country, not to steal from your name, the country trumps politics, that is where we have to go.

There is a very important issue coming our way. I do not know if colleagues are aware of this. When we passed the HIRE Act, it took care of funding for quite a ways out, until, I think, September 2012, because we were all so nervous about losing funding. However, the authorization for all the projects runs out on March 4th. So, we have, right in front of our face we have a potential crisis. If we do not reauthorize, then everything will stop for those projects. So, obviously, this is a real problem.

Now, the good news is that Senator Inhofe, Congressman Mica and I all agree we should just have a clean authorization and get that out of the way and work out this new 6 year bill. There are some who may want to cut and change the authorization. This would be awful since we have already paid for this. We have it figured out.

I guess what I would like to get you both on the record is this question. What would be the impact on the construction industry if the funding for that authorization were to be cut or delayed? Either one can answer first.

Mr. TRUMKA. Devastating. I mean, projects that are started, people would be laid off, local economies would be hurt, a nascent recovery that we are talking about trying to take root, it would have a setback, it could push us back toward recession. It would be a tragedy for the country and for thousands and thousands and thousands of workers and small businesses.

Senator BOXER. OK. Mr. Donahue, do you agree?

Mr. DONAHUE. It might be worse than that. You know, we are not, we are some period of time away before we get a lot of people back working in the housing industry. You showed the pictures of all of the football stadiums. One of the reasons, collateral reasons, to push hard on the question of infrastructure construction is because that is a place a lot of these people can go work.

Senator BOXER. Right.

Mr. DONAHUE. Now, remember how this works. Fifty percent of the money we spend on infrastructure, roads and bridges and so on, comes from the Federal Government, 25 percent from the State, and 25 percent from the NPOs and the local. By the way, they are all integrated. So, it is not a matter that, you know, the Federal Government decides when they are going to do this, when they are going to authorize and when they are going to send it, it is all tied in. Where is the State's money coming from, where is the local money coming?

That is why the people in Los Angeles have set up their own deal. They have taxed themselves so that they can go out and put together a program with their local money and do four or five major infrastructure projects in a way that they figured out how to pay for, they figured out how to get investment in it.

But the whole integrated system falls apart when one of the people, one of the participants, does not play. It is not just a matter that the Federal money is not there, a lot of the State money which was going to be put together with Federal money to build something, they are not, you are not going to find a Governor that is going to put that money up if he does not know where the Federal money is.

This, this system, is under great stress right now. I understand all the politics about this. You know, nobody wants to talk about user fees because they are taxes. Well, we have been doing this since Dwight Eisenhower and we better get, if you have another way, I am glad to hear about it but I have not seen it. We should not get rid of that.

We should reauthorize this whole bill. My own view is, it is not so difficult to up the funding in something you have. It is very, very difficult to create new funding right now. I hope that we all have the courage, particularly if you could think about the fact that both of us here would support a rational movement forward on authorization, on getting rid of the red tape that slows this down, and on acquiring incremental resources to do this now.

Senator BOXER. Well, thank you.

My understanding is that in 20 minutes the House Committee is meeting to do a clean reauthorization and extension of our bill. This is very critical because, again, we cannot afford to send a signal to the Governors, as you point out, as both of you point out, that this would be a disaster.

I just have one last question. Looking over funding, as you point out, is very, very difficult. I believe there is an argument to be made that people who use the roads should pay for them.

Now, the good news is the truckers have come forward and they said look, we are willing to take a hike in our user fee, the Diesel Tax, if others come forward. They have agreed to come forward. God bless them. Nobody else really has done it.

So, I wanted to ask you about something I think is an interesting user fee. Forty percent of the imports that come into this country come into the Port of LA/Long Beach and then they get distributed throughout the country. They are obviously coming from Asia and they get distributed through the net, whether they are going to Tulsa, where are they going in Nebraska, where are they going into New Jersey or Oregon or Vermont. They are going to go across our great Nation in big heavy trucks. Big, heavy trucks.

We could put a very reasonable user fee on those containers. We are looking at different levels and say, listen, you are bringing your goods in. If we are going to deliver them, we have to have roads to deliver them on. So, are you both open, without knowing the, I do not expect you to say yes or no, but would you be open to working with us on developing something like this?

Mr. DONAHUE. I know a little bit about this because, as you know, I used to run the truckers and I am on the board of Union Pacific Railroad and we move a lot of that stuff around. My own view, without speaking for the Chamber right now, my own view is that 40 percent would dissipate in a hurry if you put a user fee on the containers.

I am not, you know, depending on what it was, because when you are bringing stuff from Asia, you have a lot of options. The options are Canada, there is Mexico, there is Seattle, there is, you know, it is a, I have been through this in a significant manner from a business point of view. You know, it is the same thing, Rich and I will have a conversation about a transaction tax because of the ability of money to move so quickly to other places around the world.

I think people would begin to talk about creative ways of doing this going forward, including private investment, as soon as we do what we can do right now. I mean, the bottom line is simple. We have a system. We have not for 17 years increased the Federal Fuel Tax.

Let me tell you about those big trucks you were just talking about. In that 17 years, they have more than doubled their miles per gallon. So, you are taking an 80,000 pound truck that has doubled its miles per gallon in 17 years and it is now paying half of what it paid before.

By the way, the reason the truckers, and they are really good people, I have great respect for them, the reason they are willing to go for a fuel tax, and the only way they will do it, is if you are going to put it in the roads and bridges and to improvements because that is what costs them money. Slow downs, congestion, poor roads is costing truckers a fortune.

Senator BOXER. So, just to sum up your view, you believe if we were to have a user fee on a container paid for by the Chinese company that is shipping it——

Mr. DONAHUE. It would be paid for by the local company that it is bringing it in. The Chinese would not pay it.

Senator BOXER. Well, not necessarily. Maybe there is another way to do it. But let us just say we put it on the importer as a fee that we think could pass muster at the WTO because it is a user fee. You are saying that those importers will go elsewhere. That is your thought.

Mr. DONAHUE. I did not say they all would. I think some would in a minute. By the way, our exports to China are increasing in an explosive way. If you put a fee coming this way, they will put a fee going that way. It is just more and more costs.

What we have is a system. You get into a big fight every time you, I do not mean you, but every time you get a creative way to do something. There is some of them we would support. But I do not want to go anywhere until we finally say, look, we had a great system, we have a great system, and we are now getting half the money we should from cars and trucks because of their efficiency and there has not been an increase in 17 years. This is a pretty simple equation.

Senator BOXER. So, you like Tom Carper's idea better than a cargo fee?

Mr. DONAHUE. Madam Chairman, you should know that there are people behind me that are staring right through my back. You know, there are folks at the Chamber that talk about all our members and what they think. I think I know a lot about this. I have spent my life in transportation and logistics and I am telling you, we need to reauthorize this thing in a hurry for all the reasons that we have talked about, all the people we need to put to work, and we need to put some more money in it.

It would be a lifetime's effort to go out and try to put in some of these things, creative things, because of all of the other committees of jurisdiction and all that. You control the ability to put the money in here and get it reauthorized.

Senator BOXER. It would actually be the Finance Committee that would have to do it. So, Tom Carper's idea of raising the gas tax

one penny that he did with Voinovich a month for 24 months, that idea you like better, I am just trying to get it on the record, than——

Mr. DONAHUE. I like, I would like an appropriate increase in the Federal Fuel Tax, recognizing that you are collecting half of what you used to. Now whether it is a penny a month and all that, I could then immediately jump in and say maybe we ought to go ask the people that run all the gasoline pumps and everything how much it would cost to increase it every month or could we increase it every 6 months or something, it would probably save a lot of money.

Senator BOXER. I understand. I understand your point. Some people drive electric cars and they do not pay any, anything, and they are using, and we love that there is no exhaust coming out but they are not paying anything for the roads. So that is why the vehicle miles traveled that Richard Trumka talked about is interesting. I do not like the idea of putting some spy thing in people's cars to do it. I would do it on an honest basis where you just every year you pay your registration and you pay a fee for vehicle miles traveled without having, just do it on the honor system.

But I hear your point, Mr. Donahue. The reason I was focused in on you on this is because you made a point I frankly did not think that much about before which is that we have a system in place and to create a new system is controversial and we do not know the unintended consequences. That is basically your point.

Mr. DONAHUE. Yes. My point is that it is a fair system that we have in place. I do agree with Rich that some people are affected in any tax of that type, but I think everybody agreed if we can maybe figure out something on that. But we need to get the money for infrastructure, and there are a lot of, you know, private money, banks, all this stuff everybody is talking about, I will look at all of those. But the bottom line is we ought to, 17 years is a long time. The States have all stepped up to it.

Senator BOXER. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Madam Chairman.

Well, first of all, I do apologize, particularly to Mr. Trumka. I had to go and introduce a bill. I missed the first half of your remarks. However, the second half was very interesting. You specifically came up with ideas that I think are worth pursuing in terms of the big problem we have here. We can talk about all of these other things, but somehow we are going to have to fund it.

I also want to compliment the Chairman. When she used this visual of the 20 stadiums, I happened to be in that stadium doing the coin toss and I looked around at the 100,000 people, and sometimes you need that kind of visual to really know how many people are out of work, how many people could be driving this machine instead of riding on it right now.

So, I would also say that a lot of times we get in these things with people from New Jersey and some of the more mature States back there and they think that they have a bigger problem than we do. That is not true. Because when we started this thing, we started the Highway Trust Fund, we started it back in Eisen-

hower's time. That is the stuff in my State of Oklahoma that is rotting out right now.

Just the other day we had a lady, a mother of two small children, in Oklahoma City, driving and a bridge, something this big, it killed her. That could have been avoided. We know which of these structures have passed their life. Oklahoma was, at the last, I think it is Missouri and Oklahoma shift back and forth as to the poor condition of their bridges. So, it is not just in the industrialized East, it is all over this country.

I would say also that several of my colleagues talked about when they were Mayor and so forth. When I was Mayor, I took the hard position and passed, actually passed, a sales tax increase for infrastructure because no one else would do it.

Now, just on the Highway Trust Fund, I want to recall to your memory what happened back in 1998. In 1998, we always had surpluses in that. That was before we had all of the hitchhikers climbing on. I remember when Bill Clinton was President of the United States, he actually took $9 billion out of the Highway Trust Fund and I ended up being the only Republican to vote against the Balanced Budget Act of 1998 because of that.

Now, to me that is a moral issue. You know, we tell these people they are paying this tax and that money is going to go to doing the infrastructure. We ought to be honest with that.

I compliment you, Mr. Donahue, in bringing up the streamlining issue. That is something nobody wants to talk about. But I would like to somehow get that between my staff and your staff to kind of put a tag on that so we know what this is really costing us in terms of all of the hoops that you have to go through to get something done.

Let me just say that, well, I will start with you, Mr. Donahue. You made the statement that between $180 and $200 billing is sitting out there. Where is that sitting right now?

Mr. DONAHUE. It is private capital, both domestic and international, that has been put aside in investment funds that are prepared to invest in infrastructure projects.

By the way, there is a lot of capital lying around. You know, this is a great investment. If you make a deal with your State, and they are going to put up a certain percentage of the investment in some new project, and you have a means of repaying it, and you will pay it back over 30 years, it is a great investment.

There are more and more funds putting themselves together to invest in infrastructure projects, even some of them buying roads. I had to try and deal with some people that were all upset about that because somebody had bought a road from another country. I said, they cannot take it home.

[Laughter.]

Senator INHOFE. Yes, the point you make is good. You show that it is a good investment. Who is investing in these? We have Saudi Arabia, we have all these countries that are investing in our infrastructure over here and it is because it is a good deal. They are not doing it because they love America. They are doing it because it is a good return.

Mr. DONAHUE. People that have a lot of money to invest, national investment funds, people in private equity and the hedge fund

business that have lots and lots of money, Senator understands about a lot of this, to invest, they are looking around for, you know, a certain percentage of their investments they want very, very structured, assured returns. Then some of their investments they want to take a more risky approach. This is a sure, good deal and as soon as we get it going, as soon as you start working that behind a solid Federal/State program, there will be a lot more money in this system.

Senator INHOFE. Well, then I would go further to say that, to show you how all philosophies are joining together on this, I had a long visit with Senator Kerry the other day. He was talking about his Infrastructure Bank ideas, which I, there is some merit to something where there is a, in this case, his provides for not grants but loans. So, I think it is something that is much more sellable.

I would ask you, Mr. Trumka, have you had that presentation yet? I know that TIFIA has worked. It is too small. But this is a way of maybe getting, biting into the amount that we would have to pay for a 6-year, the kind of bill that we would need to have. Have you had chance to look at some of those ideas?

Mr. TRUMKA. We have and we are interested in working with you to make them work. One other thing that I might add is the labor movement right now is collectively trying to put together a $100 billion fund from our pension funds to do infrastructure investment because of what you said. The return can be good, but we create jobs in the process, we help the country out. It is a three-fer for us, so we are working very diligently on that to try to get it done from public funds, private funds, Taft-Hartley funds that we are working together with.

Senator INHOFE. I appreciate that. The last thing I would mention, Madam Chairman, you got very close to asking the same question, but the cost of not having a program in place, where you have 6 years.

Now, I do come from the private sector, as you know. In fact, one of the reasons I ran for Congress is the over-regulation of the private sector. But anyway, as I watch these things that are taking place right now, I really believe that we have the dynamics here to get in there and to look at some things that have not been looked at before. In my State of Oklahoma, people do not know this, we are actually navigable in Oklahoma. Did you know that? Not many people do. That is why intermodal is important, and all that. But we have to do this.

The question that I thought the Chairman was going to get to was something that she and I have faced. The last time was the last day of the fiscal year before this last fiscal year on the floor of the Senate as it neared midnight. We, I said to her, if you can go over there and pick up, we needed about $12 billion at that time to come up with a 12-month extension instead of this month-by-month thing, we came very close to getting that done. I have to admit it was the Republicans, not the Democrats, that killed that idea. We have failed in that respect.

The cost of going from short period to short period, as opposed to getting in there and knowing what you are going to be able to spend over the next 6 years, organize your labor so that it is going

to be there and the ability of the contractors to have their, it is all coordinated, someday I would like to either comment on that now but put down, for the record, the costs of month-to-month versus something that is a 5 or 6 year reauthorization bill.

Mr. TRUMKA. Actually, we would prefer to see a 10-year reauthorization because——

Senator INHOFE. I am with you.

Mr. TRUMKA. Because if we could do that, we could begin to crowd more private funds into this and augment what we are doing. If there is a way we can work together to stretch that out, I think both of us would be willing to work on that.

Mr. DONAHUE. The thing, because it was interesting, Madam Chairman, to look at the participants today, people that have been Governors and Mayors, and when you go to talk to Governors and Mayors now and say, oh, well, we are going to have a 3-month program or we are not sure when we are going to authorize it or it is going to be, they throw their hands up because they cannot risk their 25 percent unless they know that the Federal guys are going to keep doing what they are supposed to be doing.

I just, you know, maybe in the process of doing this it would be a good idea to get, in fact we will help you do this and you can, too, to get a whole lot of Mayors and Governors to communicate here and say look, this is what is keeping us from hiring more people.

Senator INHOFE. Thank you.

Mr. DONAHUE. You are asking all of the right questions.

Senator BOXER. Well, thank you.

Senator Lautenberg.

Senator LAUTENBERG. Very interesting. As we listen to one another, this thing gets in my way.

[Laughter.]

Senator LAUTENBERG. Take my wife's word for it. I am not hard to hear.

Ben Franklin once said, "New Jersey is like a beer barrel, tapped at both ends with all the live beer running between Philadelphia and New York." Well, we do not like the characterization. But it is kind of replicated by the volume of traffic that goes from Washington to New York, up to Boston, I mean, the whole Northeast Corridor. We are a thoroughfare and the wear and tear that is on our roads is hardly made up for by the tolls that are paid. It is the same tolls that people who live and work in New Jersey have paid to go to work everyday.

What we have seen, and it is, I listened very carefully to what you said, that there is all this capital around waiting for the first card, as I see it, to be played by government. But it ultimately has to be paid for by the users, be they cars or trucks. I think if we could redesign our system, we would have separate roads for trucks and separate passageways for cars. It would be, that must have been discussed ad infinitum when you were in the——

Mr. DONAHUE. Do you not remember that we exchanged on that a couple of times? I would be careful about offering the trucks that opportunity. They will take it.

[Laughter.]

Mr. DONAHUE. Then the cars will have to pay for their roads.

It is interesting, but you are on the right track. The people that have money to invest in this issue, from all different sources, and different ways of eventually collecting it, are all looking at one thing. Are you in the game or not?

If at 50 percent, the Federal Highway Trust Fund started by Dwight Eisenhower, remember, it was a National Defense Highway System, if the Federal Government, and they collect the money from the users for the most part, if the Federal Government is going to take a long-term look at this, finally get over these short-term extensions, and authorize the Federal Highway Trust Fund, everything else will follow. In my opinion.

Senator LAUTENBERG. Well, that fact is that everybody here is saluting the modal transportation opportunities. Obviously, rail is a giant part of that. When I look here, President Bush signed into law legislation I wrote to reauthorize Amtrak. Now the House, the Republicans, want to go back in time and bankrupt our Nation's intercity passenger rail service.

More people, including business travelers, take the train now between New York and Washington rather than fly. The trains are crowded. So, we have to invest in expanding the capacity of the rail service in that corridor. But here we see an attitude that says, stop giving Amtrak any money. How devastating would it be to the business community, particularly in the Northeast or the heavy traffic areas, if Amtrak were forced to cut down services and cut services, shut down?

Mr. DONAHUE. Is that a question?

Senator LAUTENBERG. Yes, it is a question.

Mr. DONAHUE. If you take the last part of your comment, which I think was when you said particularly in the heavy corridors which would be in the Northeast and on the California Coast and so on, I think it would be a serious problem, as it would be with transit commuter rail in California and New York and other places. I am not sure I would agree with the same thing with going to Montana or something like that with four guys on the train, but that is just my own personal view. I would associate the point you made that in the congested, heavily used corridors it would be a mistake to take away that option.

Senator LAUTENBERG. You know, the funniest thing is that we are paying more for gasoline today. Right here in Washington I saw gas at $4.20 a gallon, one place in a very particular area. The worst part is that the drivers, the taxpayers, have been paying the higher prices and it is going into the pockets of sheiks or into the companies. You know my business background. Profits are OK. They are good. But when you see the kind of money that is being made by the oil companies, and that is not going into the roads, it is going into the yield on investment.

It is shocking when you think about the price of gasoline in France and the U.K. and places like that is much closer to paying for the service they have, the roads, I think, are much better and in most of these places the cars are smaller and there is better, more efficient use of gasoline.

But America is not designed like that. We are between the oil companies, the automobile companies and the big, huge job mar-

kets there. We have agreed to keeping the automobile as the principle mode of transportation. It is very hard to break the habit.

I do not know. We have to get this done. We just had a meeting with the Governor of New Jersey and the New Jersey Delegation in terms of getting another tunnel, expanding capacity of Amtrak, another tunnel across the Hudson River. It has to be because otherwise, well, mention was made of spending your life someplace. Well, I spend half my life when I am in New Jersey in traffic and it is not fun, you know, between the toxic fumes, the delays and the cost and cash going to the people that are not our friends. We are in a hell of a spot.

We want to do this thing. The question is how we get it funded. I went to the private sector to see if there is any interest in investing in rail service there and there is interest, a lot of interest. But they are going to want a yield on it and part of what we have to worry about is who makes the decision about raising the tolls, who makes the decision about raising the rail tickets that have to be purchased.

So, thanks very much to each of you. It is an enlightening experience to see both of you there, not manacled or anything like that, and talking friendly. Keep that when you are in the private rooms as well.

Mr. DONAHUE. Well, it is much better when we are in a private room.

Mr. TRUMKA. That is true.

[Laughter.]

Senator LAUTENBERG. Thank you very much.

Senator BOXER. I am stalling only because Senator Carper is trying to get back here. But if he is not here in 5 minutes, we will let you go.

But I might as well ask, just building on your point, Mr. Donahue, how difficult it is to get new ways to pay for things? I mean, it is a reality. I mean, it is a tough reality. The reason that I decided that TIFIA was a good way to go, rather than another new wave, is because it is there.

Mr. DONAHUE. Right.

Senator BOXER. As Senator Inhofe said, it is funded at a very low level. But it is there. The beauty of TIFIA, and I want both of you to expand on this, is that if the Federal Government steps up, or even the private sector steps up, and they know there is a stream of revenue that is definitely coming, and here we have a circumstance where we are fighting over a 3-year bill, a 6-year bill, a 10-year bill, in the case of some of our local friends, Mayors and such, they pass this bond that is going to bring money in for 30 years, 30 years. So, we know there is a stream of funding there.

So, if TIFIA steps out with virtually no risk, comes in front and says, we will front the money, to me this is a beautiful idea. I was so excited when the Los Angeles people came to me because it was actually Mayor Villaraigosa but also the Chamber there, the unions there, everyone together, a couple of years ago, and we were able to work together and get, Senator Inhofe, the first TIFIA loan in a while.

To them, it resulted in a huge check going, it was a $500 million check that went to Los Angeles based on this stream of revenue,

and the cost to the Federal Government $20 million. That is the risk for a $500 million check, $20 million. So, it is a way to leverage, leverage, leverage.

So, I would like to know if you would both expand on that——

Mr. DONAHUE. There is one other thing and it is really important to focus on. It is going to do 30 years worth of development in 10 years.

Senator BOXER. Right, which means——

Mr. DONAHUE. It is going to front load all of that and it is going to save $500 or $600 million by front loading the action and not paying it with expanded money. I think, you know, why it is great to talk about, and I think it is great that they went and got the money, they found a source to pay for it, they got the private investment, but I like to say they shortcut lots and lots of the bureaucracy and they put themselves in a position where they are going to do 30 years worth of development in 10 years.

Senator BOXER. It is just great.

Mr. DONAHUE. I talked to the Mayor yesterday and told him charge on. We will put you on a platform to tell people about it.

Senator BOXER. Wonderful. Do you have any comments on that?

Mr. TRUMKA. Sure. We absolutely support the concept. Not only will it do 30 years of work in 10 years, it will create 160,000 new jobs, it will create 77 million new boarders on the transit system and it will eliminate 521,000 pounds of mobile sources of pollution in the process. It is done with the cooperation of everybody out there. It is a great project. We support it.

Senator BOXER. Well, I am hoping to work with Senator Inhofe so that we can make this really a major piece of our new transportation bill as, again, picking up on Mr. Donahue's point, it is not a new program, it would just be an expansion. It is just a way to get those jobs going and have this certainty out. Yes, Senator Inhofe?

Senator INHOFE. I would at least say, I will end up where I started off, and that is this is an area where government is supposed to be doing it. I have often said, with my conservative writings and all that, national defense and infrastructure, that is what we are supposed to be doing here. So I really do appreciate it. I do apologize for the brief interruption. I had to leave and I know that Senator Carper wants to get into this debate so I appreciate your being here very much.

Mr. TRUMKA. Thank you.

Senator BOXER. Senator Carper.

Senator CARPER. Thanks very much. We had a, the Democrats had a retreat last week down in Charlottesville and we spent about 2½ weeks, I mean 2½ days together, talking about, among other things, moving the economy and jobs and the economy. We talked about deficits, what course we need to take, they were talking about how do we implement health care reform in a way that gets better outcomes for less money, not just extend coverage to people that do not have it, but how do we actually get better outcomes for less money.

One of the pollsters that was there, and I am sure Senator Boxer knows this, but one of the pollsters who was there, we had one polling person, laid down an in depth benchmark poll with, I do not

know, 1,000 or so folks around the country, and the question was is the deficit a problem? Yes, it is. It is a big problem. It is a very big problem.

What do we do about it? The poll actually walks people through domestic discretionary spending. What should we cut? Well, there was not much that they really wanted to cut. They went over to the defense side and said, what do we want to cut on the defense side and there was not much to cut there either. They kind of went through the retirement programs, Social Security, Medicare, Medicaid and the VA and stuff like that, and people are not really all that jammed up about cutting those either.

Then in a pollster kind of thing he said if Congress decides to turn it back to us, are there any questions or comments and one of our colleagues, Al Franken of Minnesota, stepped forward, and he has a pretty good sense of humor. Senator Franken? Al said, as only he can say, I think it was Jeff Garin, he said Mr. Garin, you know what we need? Jeff says no. Al says, I think we need a new public.

[Laughter.]

Mr. DONAHUE. An educated public.

Senator CARPER. That is for sure.

I understand Senator Boxer talked to you about the revenue side of this and I was out of the room, I was bounced over to the Finance Committee here to be able to question Secretary Geithner. So, I missed that back and forth. I want to just drill down on it just a little bit. I appreciate what I think I understand you two have said.

I want to say to Mr. Trumka, thank you very much for your comments about working, billing off the user fee that we have in place. It is all well and good that we try to figure out how to create revenues out of vehicle miles traveled, and we ought to do a very serious demonstration, I think, of that to see what are the pitfalls of that and how does it work.

When I was Governor, I had the opportunity, several times, to call for increases in taxes or revenues that went into our Transportation Trust Fund. Of the things I am proudest in my time of Governor is that we ended up with a AAA Credit Rating for the first time in our State's history.

But the premise behind what we worked on in Delaware, besides revenue, is environment, just really nurturing for jobs and job creation. Well, we believe in paying for things that are worth having. If they are not worth, if we are not willing to raise the money to pay for them, we are just not going to have them. That is our premise. I think the same should be our approach with respect to transportation. We want this stuff, we want roads, highways, bridges, rails, whatever. Then you pay for this stuff.

A guy named Samuelson, an economist name Samuelson, suggested a couple of years ago, I read his OpEd, he said let us raise the Gas Tax a penny a month for 48 months, so he said. A penny a month for 48 months. It will do several things.

No. 1, it will give us the money to actually have a world class transportation infrastructure again. No. 2, he said, we could probably use some of that money for deficit reduction.

No. 3, he said, it could actually send a price signal to people who are going to be buying cars, trucks and vans. When they are looking out there considering what to buy, and they are looking at something that gets 18 miles per gallon and they are looking at something that gets 40 miles per gallon, maybe they will be more inclined to buy the vehicle that gets 40 miles per gallon. So, he says it sends a price signal over time to encourage people to buy some of the more energy efficient cars that are being created. That was his proposal, a penny a month, 48 months.

George Voinovich and I took that idea and we said, let us not go that, be that bold, but a penny a month for 25 months, 10 cents for deficit reduction, 15 cents for transportation. The Commission itself said well, we will not be that bold, but what we will do is basically a penny a quarter, a penny a quarter over 15 quarters, and use the money just for transportation, not for deficit reduction.

I just would like for you to, just thinking about that specific proposal, and tell me what you think, would you like it or would you not?

Mr. DONAHUE. Well, when you were away, Senator, I was drawn into a clear discussion of the fact that it has been 17 years since we increased the Federal Fuel Tax. Major trucks and cars are getting twice the miles per gallon they were getting back 17 years ago. Therefore, in many ways we are collecting half of what we should be collecting in relation to the extraordinary increase in the number of miles driven.

Second point, in response to the Chairlady, I made it clear that we are going to have to move soon because this is an integrated system of the Federal, State and local people with 50, 25 and 25 percent, and nobody is going to put up their side in the State and the local until they know the Federal part of it is going to be there.

So, we are, and this is where Rich and I really agree, we are sitting here not looking about creating more jobs, we are looking at the possibility of losing more jobs. So, this is the we can do it now system and I would, I would get a long-term reauthorization with some additional revenue and I would put into it a series of let us go figure this out over 2 years, the other questions that are being raised.

The one point I raised about a penny a month or a penny a quarter, you have to take a little time to go look at what it takes to do that at every fuel pump in this whole country. There might be a better way, like to do a nickel and then sometime later a nickel. I think you might save a whole lot of money. On the other hand, we might hire a lot of people to go around and change the gas pumps. I mean, I am not really sure.

Senator CARPER. Yes. As it turns out, that is not a very hard thing to do.

Mr. DONAHUE. So, where we are, where the Chamber will be on this issue, notwithstanding all of the political arguments about taxes, we will support it.

Senator CARPER. Thank you. That is good to hear.

Mr. Trumka, you mentioned touchstones briefly. Would you just go back and revisit this for me again, the issue of a very slow, modest increase in the gas tax over a period of 3 or 4 years, by maybe

a penny a quarter. I think you spoke to this already but I would just want you to restate it.

Mr. TRUMKA. Oh, I thought you were talking to him. Sorry about that.

We would support that kind of a tax, too. We think that a user fee ought to be dedicated to transportation though. It should not be used and raided for other things. We would support an increase in that tax to get these jobs started immediately because, as I said earlier, we have 14 million Americans out of work. We need to get them back to work.

Senator CARPER. Alright. Thanks very much. Thanks, Madam Chair.

Senator BOXER. Thank you. We are so pleased that we have been joined by Senator Baucus. He and Senator Carper were at a hearing of his committee and, as you probably know, Senator Baucus is the Chairman of our Subcommittee on Transportation. So, we are really happy.

Senator BAUCUS. Thank you, Madam Chairman. I would ask that my statement be added to the record.

Senator BOXER. Without objection.

Senator BAUCUS. You both are great leaders. You have large followings. You think a lot about our country. How do we develop a national consensus on infrastructure that includes both urban and rural, and avoids the question that often arises, a lot more from my State, you have too much in your State, etcetera. How do we get this, make this into a more national program of infrastructure construction so that Americans realize we are all in this together, we are one country?

Mr. DONAHUE. Well, just before you came in, Senator, I made the point that when I used to run the trucking association I had to always tell the truckers when they were upset about transit, the money going to transit, I said that is not the issue. The issue is that it is urban votes for rural roads. So, in other words, the issue was the system supports what we need in the urban centers and it supports what we need in the rural centers.

I mentioned to Chairman Boxer that many years ago in California the truckers were mad about having to pay for roads in Nevada. I said, OK, so do not pay for roads in Nevada. How are you going to go east? Are you going to drive all the way up to San Francisco and start across?

Senator BAUCUS. Let us say Montana. In Montana, 60 percent of truck traffic does not originate in Montana.

Mr. DONAHUE. That is exactly right. So that is why we have an integrated system, and that is why it gets a little funny when every State wants to get 105 percent of the money they send in back.

But the bottom line is, this is a, this is an education system, and you have a very rare opportunity here because the business community, that part of which I represent, and the labor community, that part which Rich represents, has just said that it is so fundamental that we get a reauthorization here and it is important that we add funds to it, probably the easiest way through the existing system, but the big thing we said is we will publicly support it.

Senator BAUCUS. Mr. Trumka, your thoughts on how we can develop a national thinking about this, avoid the parochial sector and the battles we often get into.

Mr. TRUMKA. Well, I think that we first of all need to begin to educate the American public more about the job aspect that this creates, about the way that this makes us more competitive as a Nation in a global economy, and what it can do to make us more efficient, the savings that can be done.

Then I think we have to restore America's trust in the transportation programs. I think we do that by doing quality projects. I think we do them right, we do them on time, and we forget bridges to nowhere so that the public does not have something to point at to say, that is the problem with this, that we do projects that are actually needed, that are going to make us more efficient and be able to compete a lot better.

I think that all of things you talked about, the tax on the incoming products, is something that ought to be on the table. It ought to be debated so that this is shared, can be shared, equally. I think we need a dedicated user fee and I agree with Tom about that and I know that we need to get this thing reauthorized very, very quickly. But I think all sources of funding, at some point, need to be on the table and need to be discussed.

Senator BAUCUS. There is a big gap here. I think it is a Rockefeller Commission study out just recently——

Mr. DONAHUE. That was interesting.

Senator BAUCUS. Sorry?

Mr. DONAHUE. That was interesting.

Senator BAUCUS. Yes, very interesting. As I recall, about two-thirds of Americans want better infrastructure in America. They want it. Two-thirds of Americans do not want to pay for it.

Mr. DONAHUE. Well, that is the great thing about being American.

[Laughter.]

Senator BAUCUS. Well, I think the gap is worse now that it has been in the last, now than it has been in a reasonable period of time. I am not going to name all of the reasons why, I have my own personal ideas as to why that has happened, but I do believe it has happened.

Mr. DONAHUE. I do believe it has and——

Senator BAUCUS. Well, how do we address that?

Mr. DONAHUE. Well, I think in addition to the things that Rich and I talked about, the thing that sent Americans in the right direction is talking about getting rid of congestion and improving mobility. I, you know, I think it is fair to say, sir, that the political battles that we have had across this Nation in both parties, purely bipartisan battles about taxes, and to include a user fee like this as a tax or a tax increase is fundamentally unfair. It may be politically, you know, attractive, but this is not a, this is to go use a road, man.

The Chairman made the point that the truckers are ready, now, have committed. They are ready to go support this because they are looking at the roads they are running on and saying we are in trouble. I think you could build one really good coalition. I think

Rich's point is very important. We have to educate people about this.

Mr. TRUMKA. There is a, probably this is something that Tom and I will disagree on, but people do not want to pay in some instances right now because they truly cannot. Wages in the country have been stagnant for nearly 30 years right now. Their budgets have been stretched tighter and tighter, hidden fees have been foisted on them, whether it is educational fees that they now pay for a bigger share than they did before, so they are at the stretching point.

While I think they understand the importance of infrastructure and how it can help their lives be better, anybody that commutes into this city would know that they are at the stretching point. This is one place where I think we could actually help them by seeing, by moving from a low wage, high consumption strategy in this country to a higher wage consumption strategy in this country, so that if more people, for instance, had collective bargaining, a greater share of the wealth would be given to them.

When they were making money, you did not hear a squeak about giving money on the tax. It is whenever their budgets and the wages were stretched to the minimum that they began to recoil at it. So, I think we need to look at that as well.

Senator BAUCUS. Well, I do not think there is much disagreement among members of this Committee and between the Committee and you two. But I will say this. I think we have to think much more critically, much more creatively, as never before, to try to figure out how we bridge that gap. Because right now the politics in this country make it very difficult to find the resources that address the need. It is very difficult.

There are Senators, I will not mention any names, but they think we should cut infrastructure spending. Cut. Not build infrastructure, but cut. That is not helpful, from my perspective. But I just urge us all to listen to all of the goals and utter the right words that might save us and so forth. We have to think a lot more critically and creatively than we have in the past.

But I thank you very much for your contributions.

Mr. TRUMKA. Thank you.

Mr. DONAHUE. Thank you.

Senator BAUCUS. You have added a lot to this and I deeply appreciate both of you.

Thank you, Madam Chairman.

Senator BOXER. I am going to say, Senator, your question is very important. I think their presence here today, and the eloquence of their testimony they gave us, and their commitment to stand by our side, is very strong.

That may be one way we can regain some trust here, just because we are coming together at a time where, we held up, before you came, can you show Senator Baucus just one of those posters? We held up, the staff held up, 20 of these posters, Chairman Baucus. It is the Super Bowl, 100,000 people. Two million workers unemployed, 20 of those posters we stood up and showed. That is who is unemployed just in the construction industry.

So, we have an imperative. I just want to get back and then we will close this off. Excuse me, I have the end of bronchitis or something here.

Custom fees. Every country levies them. The question is should we take a bigger percent of them?

Mr. DONAHUE. I am not sure, Madam Chairman, that I heard that. Did you say customs fee?

Senator BOXER. Yes. U.S. customs fees.

Mr. DONAHUE. If you talk to the customs people, of course they will tell you about all of the pressure they are under and all of the money they need that they are not getting.

I think, my closing statement, because I would like to leave on a very positive note, is that I believe you are on the right track here trying to move in a quick order to keep in place some good programs, to try and put more people to work and for sure not lose people from their jobs. I recommend that you start by using what we have to get this done, and then we would be happy to participate in discussions that go beyond this later on.

Senator BOXER. Good. That is fair.

Senator Sanders, would you close up shop here?

Senator SANDERS. Sure.

Senator BOXER. Good. Thank you both immensely for this. It has been extraordinary.

Senator SANDERS. Madam Chair, my apologies for jumping in and out, but I had two other hearings that I had to go to and I think this is extremely important.

Let me close with the fact that so many people from different political persuasions understand the need to rebuild our infrastructure. I think that is very significant. There will clearly be differences of opinion of how we fund it.

In my view, the middle class in this country is in steep decline. Poverty is increasing. I come from a rural State where people not infrequently travel 100 miles to and from their jobs. Raising the gas tax on those people who make $11 or $12 an hour is not something that I am sympathetic to.

On the other hand, I think Mr. Trumka makes an important point in his presentation, and that is that we are in the midst of this recession right now primarily, in my view, because of the greed and recklessness and illegal behavior on Wall Street. In recent years, Wall Street has captured about 40 percent of the profits in this country where we have lost over 40,000 factories and manufacturing plants.

I would like for Mr. Trumka to say a few words about his idea about a transaction fee on Wall Street, which I think does a lot of good. It raises a lot of money. It may curb some of the speculation that has got us into the problems that we have right now.

Mr. Trumka, do you want to say a few words on that?

Mr. TRUMKA. Certainly. I would say that we have actually lost 53,244 factories in the last decade. So we are hurting. The middle class is hurting. People are traveling further and further and further to work. People live in Harrisburg, cannot sell their house there, commute here because this is where they found work. So, it is a tough thing. I think in my presentation I said we have to look

at that so that the burden does not fall on everybody. But I still support the gas tax, as we talked about.

On the transaction tax, I would say two things. One, right now you find rampant speculation on the tax. It would be a very small tax, a half a penny a share, and you find people running price up in the morning, selling off, running up, selling off, running up, selling off. Little people cannot participate in all of that. The long-term investor does not get to do any of that and he ends up paying the tab for higher fees and everything. This could stop some of that.

Tom will say that this is fleeting, that if you do this, money will flee. Well, the London Stock Exchange put a 50 cents a share tax on theirs and, after doing that Tom, they went from being the third largest Stock Exchange in the world to the second largest Stock Exchange in the world. It didn't seem like anybody fled. They came to it. It is a fair way to raise some taxes.

Look, Wall Street created a mess. We are paying for the mess. Everybody believes that they are back to business as usual. This would be a chance for them to share in some of the pain. They like to talk about shared pain. It is an opportunity for them to do that.

We advocated, I mean, people around the world, other countries are starting to do it from France to different countries that are now saying this is a good idea, we should do it, to tame some of the rampant buy ups and sell offs that we have day in and day out.

Senator SANDERS. Mr. Donahue, you no doubt completely agree with Mr. Trumka on this?

[Laughter.]

Senator SANDERS. Do you think it is appropriate that we ask Wall Street to share of the pain that the rest of American is experiencing? Do you not?

Mr. DONAHUE. That is a well crafted question, Senator. The reason we came here today was to talk about what to do about infrastructure. I did say in response to the question when you were at the other hearing that I do believe that there is a serious question of what happens when you impose those taxes.

I would be very happy to give you some of the views we have about that and what I encourage the Chairwoman, and encourage you as well, we are on a very short timeframe to do something about this highway deal and I think it was March 4th the program runs out, and I think we ought to go and do that and then we would be very happy to talk about the half a dozen other ideas put forward.

I will tell you that I have serious problems about transaction taxes of every type, but I would be very happy to sit down and talk to you about it.

Senator SANDERS. Well, I think you are right in saying that the immediate issue is rebuilding our infrastructure, putting people to work. But we are also, I think you will agree, going to have to figure out how we fund that expensive proposition.

So, I guess I am the last one here. I want to thank both of you. I apologize for not being here, but I had two other hearings. This is enormously important. Thank you very much for being here and thank you very much for working together on this issue. Thank you.

The hearing is now adjourned.

[Whereupon, at 12:08 p.m. the committee was adjourned.]
[Additional statement submitted for the record follows.]

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

Madam Chairman, thank you for scheduling this hearing. We welcome this excellent panel, representing both labor and business.

A recent Rockefeller Foundation survey shows:

- 66 percent of Americans think spending on Infrastructure is important.
- But, 71 percent oppose a fuel tax increase.
- 64 percent oppose tolling existing roads
- And, 58 percent oppose paying by the mile.

So, Americans want infrastructure investment, but they question what they get out of spending more at the Federal level.

They see it at the local level. In Billings, Montana, 254 were put to work converting Shiloh Road into a north-south artery that in a city where U.S. 3, U.S. 85, Interstate 90, and Interstate 94 all converge. It was "all hands on deck" as partners worked together at the city, county, State and Federal levels. This artery includes safety innovations such as roundabouts, which may well get applied in Belgrade, Montana and elsewhere in the State.

Shiloh Road shows us that transportation projects provide good jobs during the construction process, ensure connectivity to the rest of the country, and help communities attract even more business in the long run.

This kind transformation feeds economic activity in the region and beyond.

Compromise is the key. This is the year to do a Highway Bill. We all know that next year will be consumed with election-year politics.

So, I am very interested in our witnesses' perspectives. I hope we will discuss transportation needs, job creation and innovative funding. We need to do a smart bill, focusing on needs and spending American road users' money wisely.

Thank you, Madam Chairman.