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Edward G. Rendell, Former Governor, Pennsylvania
Arnold Schwarzenegger, Former Governor, California

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

What are we waiting for?

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

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

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

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

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

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

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

EDWARD G. RENDELL

NEWS ANALYST, NBC

SPECIAL COUNSEL, BALLARD SPAHR, LLP

CO-CHAIR, BUILDING AMERICA'S FUTURE

**GOVERNOR OF PENNSYLVANIA (2003-2011);
MAYOR OF PHILADELPHIA (1992-2000)**

After 34 years of public service, including 24 years as an elected official, Governor Rendell continues to pursue many of the same issues he was passionate about while serving. His commitment to making America a cleaner, more efficient place and to fostering investment in our nation's crumbling infrastructure is as strong as it has ever been. Rendell has become a champion for progress in the area of alternative energy, and now serves as a consultant or board member for several green and alternative energy firms, including Own Energy, Element Partners and Ocean Thermal Energy. He has also remained heavily involved in the campaign for government efficiency and strategic cost cutting through his work with entities such as Government Sourcing Solutions, Public Financial Management and Greenhill Advisors.

Perhaps no other issue has been and continues to be as important to Governor Rendell as America's dire need to rebuild and reinvest in its infrastructure. As Governor, Rendell worked with Mayor Michael Bloomberg and Governor Arnold Schwarzenegger to create an organization called "Building America's Future." The organization focuses on the need for a more significant investment in American infrastructure projects to ensure that America maintains its place as a global economic power. Governor Rendell currently serves as Co-Chair of the organization and travels throughout the country speaking about this issue.

Governor Rendell also recently penned his first book, *A Nation of Wusses: How America's Leaders Lost the Guts to Make Us Great*. In *A Nation of Wusses*, Rendell chronicles his storied political career with his trademark candor while making a strong statement about the state of American leadership.

Rendell served two terms as Governor of Pennsylvania (2003-2011) and oversaw a budget of \$28.3 billion as the chief executive of the nation's 6th-most-populous state. As Governor, Rendell was committed to making government more responsible and responsive to the public's needs, and he successfully cut wasteful spending and improved efficiency leading to savings of over \$1 billion. His legislative agenda focused on commonsense political reform and putting progress ahead of partisanship. Through his unprecedented strategic investments, he energized Pennsylvania's economy, revitalized communities, improved education, protected the environment, expanded access to health care to all children, and made affordable prescription drugs available to older Pennsylvanians.

During his two terms as Mayor of Philadelphia (1992-2000), Rendell eliminated a crippling deficit, balanced the City's budget, and generated five consecutive budget surpluses. Philadelphia's renaissance, which *The New York Times* called "the most

stunning turnaround in recent urban history,” is largely attributed to his determination, inspiration, and energy.

Before serving as Mayor, Rendell was elected District Attorney of Philadelphia for two terms from 1978 through 1985. Rendell also served as Chairman of the Democratic National Committee during the 2000 Presidential election. He currently sits on several boards, is a Brookings Fellow and teaches government and politics courses at the University of Pennsylvania.

An Army veteran, he holds a B.A. from the University of Pennsylvania and a J.D. from Villanova Law School.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of Rule XI of the Rules of the House of Representatives, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Edward G. Rendell

(2) Other than yourself, name of entity you are representing:

Building America's Future

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

Not Applicable

Edward G. Rendell
Signature

2/11/13
Date