



**Testimony of Richard L. Trumka
President, American Federation of Labor–Congress of Industrial Organizations**

Before the Transportation and Infrastructure Committee

Feb. 1, 2017

Building a 21st Century Infrastructure for America

Thank you, Chairman Shuster and Ranking Member DeFazio, for inviting me to appear before your committee today. It's a pleasure to be here with returning and new members.

This is a committee known for working together, setting aside partisan differences and getting things done for the good of the country. In recent years, you've passed such important legislation as the FAST Act surface transportation bill, two water resources development bills, an Amtrak authorization and numerous other measures.

This year will bring FAA legislation and hopefully major new infrastructure legislation. I want you to know I appreciate the good work you have done and I know you will continue to do. Yet, we know all too well there is still much work to be done.

The AFL-CIO is the largest labor federation in the United States, representing 55 affiliate unions and 12.5 million workers across the country—from bus and transit operators and water workers, to those who forge the steel, to the craft occupations that build and repair our infrastructure. The people we represent build America and make America move.

Jobs and the Economy

It should surprise no one that infrastructure was a top issue in the last election. The people of America have lived with the effects of decades of underinvestment in our infrastructure—the pothole-strewn streets, the airport delays and the rising costs of simply moving goods to market. The reality is that our infrastructure is desperately in need of repair and rapidly becoming technologically obsolete. We want investments that create good jobs and meet the real needs of our economy. Any other path takes us backward, because above all else, infrastructure investment is a long-term strategic necessity. Building the infrastructure of the 21st century is vital to both our nation's competitiveness and to the hopes of our nation's people to lead better lives.

The United States has a \$3.6 trillion infrastructure deficit, according to the American Society of Civil Engineers—and this is just for deferred maintenance on existing infrastructure. The infrastructure of the future will require additional trillions of dollars in new investment. During the campaign, President Trump spoke about \$1 trillion in new infrastructure investment. Last week, Senate Democrats unveiled a \$1 trillion infrastructure proposal. This is the right scale to be talking about—trillions—and the labor movement is ready to work with this committee to move on that scale.

It's no secret that investments in our infrastructure create jobs. We not only need jobs, but we need to create good jobs. Every billion dollars of federal investment in our surface transportation system creates tens of thousands of well-paying jobs—the type of career jobs that can support a family, a child's education, a secure retirement and a middle-class life. In fact, jobs in infrastructure pay more competitive wages than similarly skilled positions.

Policies such as Davis-Bacon, project labor agreements, Buy America and 13(c) transit protections ensure compliance with community wage standards, and that we spend American taxpayers' money in America and create jobs through smart procurement policies. These longstanding laws ensure that infrastructure investment creates good jobs, and that workers' jobs, contracts, wages and benefits are not simply stripped away to produce a low bid or through privatization.

Our affiliates have a vast network of top-quality joint labor-management training and apprenticeship programs around the country. These programs provide construction workers with the skills they need to be the most productive workers in their sector and to have a long-lasting middle-class career, and these programs can train the workers we will need to finally meet America's real infrastructure needs.

For those in Congress still seeking to push the failed austerity agenda, let me tell you this: If your house has a leaky roof, not fixing it won't save you any money. And like the leaky roof, delaying needed infrastructure investments will only cost us more in the long run. It harms our health, as we have seen in Flint and countless other places, impedes commerce, as my fellow panelists can attest to, and it is hurting our international competitiveness.

Economic Growth and Global Competition

Investing in our infrastructure is important for reasons beyond creating jobs and boosting the economy in the short term. Investments spur sustainable economic growth, ensure our country's long-term economic global competitiveness and improve the quality of life of our citizens.

We are all familiar with the American Society of Civil Engineers' estimate that our infrastructure deficit is approaching \$4 trillion. Yet that's only part of the challenge. To be competitive in the 21st century, we must invest in the transformative infrastructure of the future—this century's version of the transcontinental railroad and the national highway system.

As I travel around the country, I can tell you that every time I see a new transit center or highway interchange, that investment is followed by real estate improvements, businesses being formed, and growing and thriving communities.

It's no different in the global arena. While we wring our hands about how to maintain existing levels of funding, let alone the funding increase needed to fix our failing infrastructure, the rest of the world is moving forward.

China has been investing heavily in its infrastructure, and the results are dramatic. The Chinese understand well the lessons of American history that we seem to have forgotten, the top line of which is that infrastructure investments are the foundation for expanding commerce and growing the economy. China now invests more in infrastructure than the United States and Western Europe combined. China is investing in infrastructure appropriate to its level of development—new roads, rail capacity, airports and ports. It is moving quickly on energy and

telecommunications. In fact, China's stock of infrastructure as a percentage of Gross Domestic Product exceeds ours significantly, and it continues to invest far more than we do, lowering the cost of commerce and raising living standards.

America can do it, too. We must do so to remain competitive—and we can do it better.

We must modernize the multimodal and connectivity aspects of our transportation system, which is essential to making our economy competitive. When ships load containers at our nation's ports, they depend upon an efficient multimodal supply chain of fully dredged and deepened port facilities, seamless rail corridors and networks, and safe roadways. I urge you to think strategically about the linkage between each mode of our transportation system and how they interact with one another. Improving modal connectivity is a key piece to securing our nation's global competitiveness.

Cost of Inaction

We must act to alleviate the cost of wasted time and fuel caused by traffic delays and congestion. The Texas Transportation Institute estimates that the average commuter wastes 42 hours in travel delays, and the fuel wasted adds \$960 to a driver's expenses each year. In total for our country, that's a staggering collective *600,000 years' worth* of time wasted stuck in traffic each year, and 3.1 billion gallons of wasted fuel. And unless Congress finds the will to provide adequate funding, these problems only will become worse, costing citizens and businesses valuable time and money.

Some think government should be run like a business. No successful business runs on the idea of starving itself of critical capital investment, by trying to compete with outdated and broken equipment, or by sticking with old technologies and processes. Businesses have to make upgrades and invest to succeed, and so does our nation.

Financing Considerations

There are many possible creative financing vehicles to support the infrastructure we need beyond direct federal and state financing, including infrastructure banks, grant and loan programs, and public-private partnerships. However, most of our nation's traditionally public infrastructure is public *because* whatever user fees it generates, if any, cannot fund it on a stand-alone basis when risk and return on private capital is taken into account. This is particularly true for vital transportation infrastructure in rural areas.

We need to understand creative infrastructure financing as fundamentally supplemental to basic public financing. And whatever financing choices we create, all should be subject to the basic business test of, "is there a lower-cost source of capital?" For hundreds of years we have tapped private capital to fund our nation's infrastructure, usually through tax-exempt bonds or through Treasury bonds. We should always ask in relation to innovative financing, "what is the real cost of this capital to the public, and is another, cheaper financing vehicle from the public's perspective available?"

Labor and Business Together

Look at this panel before you. Business and labor may not agree on a number of things, but we do agree on the need for serious investments in America's infrastructure. In the aftermath of the 2016 election, there is no clearer mandate from the American people.

If we can come together on this, that should tell you something. You are the elected leaders, and at the end of the day you will have to decide. The question to ask yourselves is what kind of country do you want us to be—not only now, but also in the future.

How we invest matters. One trillion dollars in real new infrastructure investment would make a big difference to working Americans and would put us on the path to the level of infrastructure investment we need. But it has to be real investment and good jobs, not Wall Street giveaways or a race to the bottom. Done right, a trillion dollars of truly new and additional infrastructure investment would create good jobs, revitalize communities and build a prosperous future for our country.

Over the last year, the AFL-CIO has formulated some basic principles we hope will help guide large-scale infrastructure investment of the kind proposed both by the Trump administration and by Sen. Schumer. These proposals address both broad areas and the needs of particular sectors within the infrastructure space.

Overarching Principles

1. A program must include investments that are as transformative in the 21st century as railroads, highways, telephones, radio and television, and electrification were in previous centuries.
2. Our infrastructure should be funded through federal spending and credit support for infrastructure projects, and not be subject to spending offsets. This provides the lowest possible cost of capital, and maximizes the macroeconomic benefits and job creation from infrastructure investment.
3. A program must include strict Buy America provisions so that we are rebuilding our manufacturing sector as we rebuild our nation, including support for family-sustaining employment. This is a key issue for those who voted to fix our trade problems.
4. Requirements for high-road labor standards that create family-sustaining jobs and prosperous communities are a must. This applies to any project federally funded, or enjoying subsidies, loan support or innovative financing mechanisms.
5. Efforts also must focus on public health, poverty and inequality, energy infrastructure, transportation and public services.
6. We must preserve the public character of Amtrak and public transit systems.

Our infrastructure deficit is harming our economy, reducing our quality of life and endangering public health. This Congress has a mandate from the American people to fund public infrastructure and clear the way for private infrastructure. If we are to remake America for the 21st century, these are the essential investments, public and private, that will make it happen.

Passenger Transportation Investments

- Essential highway and bridge maintenance, repair and replacement;
- Mass transit repair and expansion: clean bus fleets and passenger rail, including high-speed rail projects starting with the Northeast corridor, California and the Midwest;
- Amtrak essential capital program for long-distance and state lines;
- Complete NextGen satellite-based air traffic control system; and
- Fund the FAA Airport Improvement Program for on-ground upgrades.

Energy Investments

- Significant investment in clean electricity generation, including solar, wind, nuclear and carbon capture and storage; federal siting where appropriate;
- Promote expansion of essential natural gas infrastructure;
- Significant investment in electrical transmission, including high-voltage lines, to bring clean energy to market and reduce energy lost in transmission;
- Efficiency retrofits of all government-owned buildings;
- Programs that incentivize efficiency and energy-use reductions in private buildings, including commercial retrofits, multifamily housing, industrial efficiency, and combined heat and power; and
- Build a 21st century pipeline network. Not only new, but also by reducing leaks, and repairing and replacing outdated pipes.

Freight and Shipping Investments

- Federal multimodal freight investment program;
- Accelerated port and harbor upgrades through the Harbor Maintenance Trust Fund;
- Upgrade inland waterways for higher capacity and fully modernized lock systems; and
- Upgrade federal navigation channels to accommodate post-Panamex ships.

Public Works Investments

- Bring all public school facilities up to good overall condition;
- Substantial investment in the Clean Water Fund and the Drinking Water State Fund to address clean water, lead safety, wastewater treatment, combined sewer separation and storm water management;
- Essential rehabilitation of all high-hazard dams;
- Essential levee repair and rehabilitation for 100,000 miles of levees; and
- Parks and recreation maintenance and upgrades, including roads and bridges.

Communications Investments

- Establish a national broadband network at 100 MBS, including rural areas;

- National public safety broadband network, with capacity for video downloads;
- Establish free public wi-fi hot spots in large cities, including capacity for free domestic calls; and
- Federal investment in the research needed to develop 5G wireless technology.

Conclusion

Finding significant sources of funding may be politically difficult, but the cost of inaction is high, it's real and it's growing. Labor has and will continue to consider all types of funding, including our traditional support of user fees to fund surface transportation. Done right, other sources of revenue could help, however, solving our nations' vast infrastructure needs will require major levels of public investments.

The labor movement is ready to fight, here in Washington and across our great nation, to see a transformative, inclusive infrastructure program enacted. We need to bring 21st century technology and good jobs to our whole country—to places like West Baltimore and to places like my rural hometown of Nemaquin, Pennsylvania. And the labor movement is ready, with a highly skilled workforce and the best training programs to get the job done.

Previous generations built an infrastructure and transportation system that was the best in the world, one that made us an economic superpower and helped to create a strong middle class. Unfortunately, it's a system we have been coasting on. The ride is now over, and we must rebuild.

To be blunt, we need to be bold. We need to act aggressively.

We need to be the America that can, not the America that can't.

We are eager to work with elected leaders of both parties to make this investment a reality.

Thank you and I look forward to your questions.

###