

AFL-CIO

AMERICA'S UNIONS

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Before the House Ways and Means Committee

'Our Nations Crumbling Infrastructure and the Need for Immediate Action'

March 6, 2019

Chairman [Richard] Neal, Ranking Member [Kevin] Brady and members of this committee, I appreciate the opportunity to appear before you today.

The AFL-CIO is America's labor federation, representing 55 affiliate unions and 12.5 million working people across the country.

Together, these are the workers who build our roads and bridges. They are the workers that maintain and operate our passenger and freight rail trains. They drive the buses that move people to and from school and work every day. They install networks of broadband fiber that connect every corner of our country. They build our schools, power our homes and manufacture our goods. They educate our children, tend to the sick and keep our offices clean. Simply put—they are the people who make our nation work.

Let me start by saying that it is an honor to address you today. Tom [Donohue] and I have had the pleasure of appearing before several congressional committees over the past decade, detailing the need for action and urging Congress to fund our nation's infrastructure. It is a message Congress must always keep at the forefront of the discussion in Washington, D.C. and in our communities.

While testifying is a distinct honor, it also is equally frustrating. Despite widespread calls to act—from the people who build our infrastructure to the folks who rely on it every single day; after all of the studies and reports outlining this urgent crisis, and notwithstanding overwhelming public support and outcry for increased investments—no meaningful action has been taken to put us on a course to correct decades of chronic underinvestment.

Mr. Chairman, I'd like to think it's a new day with you at the helm, and I'm encouraged that you're holding this important hearing.

The fact is our nation used to pride itself on our ability to create a better, brighter and more prosperous future by investing in infrastructure. Our parents and grandparents didn't pass the buck because it was just too hard. They rolled up their sleeves and went to work. And we, as a nation, are all still reaping the benefits of that hard work today.

We can do that, too. We can create millions of good jobs, increase long-term growth, maintain our position as leaders of a global economy and improve working people's lives and livelihoods.

We have to make significant investments just to get our infrastructure to a state of good repair. However, just as earlier generations laid the economic groundwork for us, we need to build to an advanced 21st century standard for future generations. It's important to ensure that our infrastructure is resilient enough to handle more frequent and severe storms and disasters and that we're incorporating smarter technologies throughout our infrastructure systems to maximize efficiencies, enhance competitiveness and create good jobs.

We know the only way to advance an infrastructure modernization plan that will get the job done is through a commitment to sustainable, long-term federal funding. To be successful, any plan will need to be bipartisan, bicameral and signed into law by President [Donald] Trump. This will require a healthy dose of political will that is often discussed but rarely exercised.

To be clear, the AFL-CIO and our affiliates have long supported a substantial, long-term infrastructure investment plan—one that lifts up working people, grows the economy, creates “high road” jobs and provides increased opportunity for people of color, women and immigrants.

So today, I want to walk you through four key reasons why the AFL-CIO will keep doing our part to help Congress get there.

First, when done right, infrastructure investment creates good jobs and career paths 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 in other sectors.

To that end, any infrastructure package must maintain long-standing federal policies that support working people with high labor standards and good jobs.

Fundamental labor standards specific to construction and transportation, which have been included in past infrastructure investment statutes, must be attached to all federally assisted projects. Collective bargaining agreements and family-supporting wages and benefits must not be undermined by low-wage bids, and public-sector pay, benefits and labor rights must be protected when special interests push privatization and contracting-out schemes.

Public procurement strategies for goods and products need to be inclusive, create opportunity for all working people, strengthen and extend “Buy America” requirements, and help revive domestic manufacturing.

Second, infrastructure investment spurs economic growth. Studies have shown that every \$1 of infrastructure investment creates more than \$3 in economic growth, making it one of the greatest economic multipliers at the federal government’s disposal. New rail or transit terminals are often followed by housing and businesses that sprout up around them. These types of transportation investments can help workers find employment opportunities that may have been previously inaccessible. Further, investments increase productivity and make the movement of people, goods and services more reliable, freeing up commercial dollars for investment.

That is not just good for union members. It’s good for every single American.

Third, if we want to be a nation that continues to lead the way in a global economy, we have to build modern, forward-looking infrastructure. We cannot afford to fall further

behind our foreign competitors. The U.S. global competitiveness ranking has dropped from fifth to 10th since 2002. Instead, we need to raise the bar and set a new standard. Goods and services need to seamlessly move across the country with commerce flowing freely along our highways, rail lines, airports and ports. Above all else, infrastructure investment is a vital long-term national necessity that will determine what kind of country we will be decades from now.

Lastly, investing in infrastructure improves the quality of life for all working people. A fundamental role of government is to make sure our infrastructure is built and maintained to accommodate the needs of our communities and our economy. We have deferred critical investments for so long that the price of inaction has become much greater than the price of action. Every day that Congress fails to act takes more money out of our pockets. Let's call these added costs exactly what they are—an inaction tax on working families.

Take the simple act of commuting to work each day. A recent report shows the average driver now spends an extra 97 hours a year on the road due to congestion—precious time that could be better spent with family, friends or even working to earn a few extra dollars. Average lost time and wasted fuel cost commuting workers \$1,350 annually, all while adding unnecessary emissions to our atmosphere. Poor road conditions cost the average family more than \$600 in vehicle repair costs per year.

Delays in shipping raise the cost of everything from groceries to clothing. Lack of reliable internet, cellular and broadband services are leaving many communities without the tools they need to succeed. Billions of gallons of treated water a day is wasted due to leaks in the system, adding to the cost of monthly bills. Energy outages and the difficulties of building energy transmission projects drive up costs. Airport delays and congested airspace waste time and lead to travel avoidance. We have underinvested in schools; and in many communities our buildings are substandard and do not provide a safe, modern learning environment.

The cost of inaction is being felt far and wide. And nowhere is it more glaring than our failure to fund projects of national significance:

The Gateway tunnel: The existing 100-year-old tunnel that connects the entire Northeast region under the Hudson River has been in need of expansion for 25 years. Every day, our members move 800,000 passengers through the labyrinth of outdated infrastructure. If we leave it to fail, it will cost our economy \$100 million a day.

The Soo Locks in Michigan have only one functioning lock, built in 1896, that can handle modern vessels hauling iron ore and other products from Lake Superior to the nation's steel and auto industries in the Midwest. The U.S. Army Corps of Engineers calls it the "Achilles heel" of the industrial economy, which, if failed for just six months, would result in an economic loss of \$1.1 trillion and 11 million jobs.

The Highway Trust Fund and the Harbor Maintenance Trust Fund need immediate attention. The Highway Trust Fund has been relying on the use of general funds in recent years to fill its revenue shortfall. The gas tax user fee, which funds the HTF, has not been raised since 1993 and needs to be adjusted to meet current and future needs. The HTF is facing a dire funding cliff next year if action is not taken.

The Harbor Maintenance Trust Fund has accumulated billions of dollars from the users of our ports and harbors intended to keep the waterways navigable. Currently, \$9 billion in the trust fund sit idle and can't be accessed for much-needed dredging, maintenance and other needs. The trust fund should not be held captive to budgetary gimmicks; its funds should be used for their intended purposes.

So what is the price to make America the world leader in infrastructure again? There have been countless studies and reports showing the investment deficit numbers are as stark as they are real. We need \$2 trillion to bring things up to a "state of good repair," and almost another \$2 trillion to add resiliency, smart technology and other 21st century advancements. It is true—that cost of the investment needed is indeed high.

However, as I've made clear here today, the documented ongoing cost of inaction is alarmingly higher. The burden of this "inaction tax" is being borne by everyday Americans. It is slowing job growth and choking the nation's economy—making it harder and harder for working families to get by every single day. Congress has deferred action long enough. The time to act with urgency is right now.

Labor has—and will continue—to consider all funding sources. However, solving our nation's vast infrastructure needs will require major levels of public investment, and there is no way around this fact.

The labor movement is ready to fight, here in Washington and across our great nation, to secure a transformative, inclusive infrastructure program. We need to bring 21st century technology and good jobs to our whole country.

Therefore, on behalf of America's working people, I ask this committee to work together to find a funding solution that puts our nation on a path to overcoming our infrastructure investment deficit.

The people of America cannot afford to wait any longer. The future prosperity of working families and our communities is at stake, as is our national commitment to the simple but powerful idea that when we invest in the nation's infrastructure, our economy expands and working people thrive.

Thank you, I look forward to any questions you may have.

The AFL-CIO has formulated some basic principles we hope will help guide large-scale infrastructure investment. 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's essential capital program for long-distance and state lines;
- Complete NextGen satellite-based air traffic control system; and
- Fund the Federal Aviation Administration 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-Panamax 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 Revolving Fund Programs 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 Mbps, 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.