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Testimony of Raymond Poupore
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Transportation and Infrastructure Committee
Sub-Committee on Highways and Transit
U.S. House of Representatives
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Thank you, Chairman DeFazio, Ranking Member Duncan, and distinguished members of the Highways and Transit Sub-Committee.

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

My message today is simple and straightforward: The National Construction Alliance II respectfully requests that Congress move forward with the re-authorization of the nation's surface transportation law as soon as possible. The Administration's proposal to extend the existing legal authority for 18 months is unacceptable. An eighteen-month extension, in practice, indefinitely postpones reauthorizing the law, ensuring that substantive work developing this legislation is pushed into the 112th Congress.

Chairman DeFazio, National Construction Alliance II seeks to make three main points: First, early signs of progress from the Recovery Act will quickly be dashed without a long-range commitment to infrastructure. Second, the uncertainty of an eighteen-month extension undermines the long-range planning of major transportation projects. The nation cannot wait for some mythical change in political climate that will allow us to address serious infrastructure challenges. Third, there is no logical connection to extending the surface transportation authority for eighteen months and the problems the solvency crisis of the Highway Trust Fund (HTF). Indeed, both problems call for a solution.

First, the National Construction Alliance II fears that the short-term injection of resources into the nation's transportation system from the passage of the American Recovery and Reinvestment Act will not have the intended result unless a longer range commitment to infrastructure spending through a timely reauthorization of the nation's transportation law is passed by the 111th Congress and signed into law by President Obama.

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The deterioration of the economy has been more dramatic than economists estimated at the time the Recovery Act was passed in February. In March 2009, the "consensus" of blue-chip forecasters estimated that, by the end of 2009, unemployment would peak at 9.2%. Instead, unemployment surpassed the estimated consensus rate in May. Economists now estimate that the unemployment rate will exceed 10% by the end of the year. The labor market in construction is in even worse shape.

The June unemployment rate in construction is at 17.4%. Construction, by a large margin, has the highest unemployment rate of any industry sector. The construction unemployment rate is more than twice as high as it was this time last year. There are about 1.6-million unemployed construction workers in the nation – again, twice as many unemployed construction workers than there were at this time last year. Construction employers cut 79,000 jobs from their payrolls in the month of June.

Yet tucked inside all of this bad news, there have been glimmers of hope – glimmers that we can directly connect to infrastructure investments in the Recovery Act. While employers shed workers at a disappointing rate in the overall economy, and even in the broader construction sector, there have glimmers of hope in heavy and highway construction employment. Indeed, construction workers across the country are beginning to see the first glimpses of employment from stimulus spending. But these glimmers will quickly dim if Congress fails to move a timely re-authorization of the nation's surface transportation law.

Despite the sector-wide job losses in construction last month, the "heavy and civil engineering" sub-sector within construction reversed its ugly trend. The subsector actually gained 8,600 jobs! Within "heavy and civil engineering", the highway, street and bridge subsector drove those gains. Employment in highway, street, and bridge construction jumped 25,000 jobs in June and 35,000 jobs in the month of May. These green shoots of progress need nourishment; they need water. They need a long-term commitment.

Secondly, Mr. Chairman, transportation capital projects, which cost taxpayers billions of dollars in the aggregate, require multi-year commitments that are embedded in the six-year reauthorization of the law. Financial and political uncertainty stymies the planning and development of transportation projects, setting the nation back at a time when long-range transportation investments can drive the nation's economic recovery. Major projects, however, require planning and a clear financial assessment in order to proceed. What is worse, Mr. Chairman, is that an eighteen-month extension likely translates into many years before Congress is able to reauthorize the law.

Solutions to the nation's transportation problems cannot wait. Too much is at stake to throw the nation's transportation program into uncertainty. States and local governments will necessarily pull back on the development of their projects, making the nation less

competitive in today's global marketplace. The cost of congestion wreaks havoc on American families and businesses, exacerbating problems with air pollution, reducing quality of life, and costing billions in wasted time. The nation's crumbling infrastructure cannot wait several more years before making significant strides to rectify America's transportation ills.

Third, Mr. Chairman, there is no logical connection between the problems in the Highway Trust Fund and an eighteen-month extension of the nation's surface transportation law. The Highway Trust Fund (HTF) must be fixed; the surface transportation law must be passed. Those are separate acts. Congress and the Administration appear ready to make good on commitments made in SAFETEA-LU by transferring general fund revenue into the HTF. We strongly encourage Congress and the Administration to make good on the commitment to reauthorize the highway and transit legislation.

Please allow me to conclude with some general remarks about the importance of this legislation to the men and women of the Carpenters and Operating Engineers. In the middle of the worst economic downturn since the Great Depression and with unemployment in construction hovering close to 20%, it is difficult to understand how elected officials can justify postponing, almost indefinitely, major job-creation legislation like the transportation bill. For members of the NCA II, this bill is the most important job-creation legislation that Congress addresses. For members of the NCA II, transportation investments are not an academic debate.

There are too many members of the Operating Engineers and Carpenters who are out of work, losing their savings, losing their homes, and losing their medical coverage, to sit idly by while policymakers in the Administration wait for some magical change in political climate.

We can't afford to lose momentum – on your efforts or on the investments contained in the Recovery Act. The policy issues are known: project delivery, infrastructure banks, public/private partnerships, and livability. The process is moving. The train is rolling. The Administration needs to jump on board and engage Congress.

The NCA II strongly urges the Sub-Committee to continue the effort to pass a surface transportation authorization as soon as possible, to reject the Administration's eighteen-month proposed extension, and, separately, to fix the hole in the Highway Trust Fund. Mr. Chairman, America urgently needs a robust transportation bill along the lines that you passed out of this sub-committee on May 24. We appreciate your leadership.

Thank you for the opportunity to offer this testimony. We are eager to continue to work with you to pass a bill in this Congress.