

NCA II

www.ncabuild.org

Raymond J. Poupore
Executive Vice President**NATIONAL CONSTRUCTION ALLIANCE II**

HEADQUARTERS: 1634 Eye Street NW, Suite 805 • Washington, DC 20006 • 202-239-4779

**Testimony of
Raymond J. Poupore
Executive Vice President
National Construction Alliance II**

**Environment and Public Works Committee
United States Senate**

**“Transportation’s Role in Supporting
Our Economy and Job Creation”**

January 26, 2011



UNITED BROTHERHOOD
of CARPENTERS & JOINERS
of AMERICA

Douglas J. McCarron
General President

Thank you, Chairman Boxer, Ranking Member Inhofe, and distinguished members of the Environment and Public Works Committee.

On behalf of the National Construction Alliance II (NCA II), a partnership between two of the nation’s leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners, I want to express our appreciation for the opportunity to join you today. The two unions of the Alliance represent nearly one-million workers – many of whom build the nation’s transportation infrastructure.



INTERNATIONAL UNION
of OPERATING ENGINEERS

Vincent J. Giblin
General President

Let me get right to the point, Chairman Boxer. The NCA II believe that an investment in transportation infrastructure right now – in the short term – is the single most important policy initiative that can be taken by the federal government to re-energize the national economy. Dedicating precious resources immediately to transportation, even in this time of fiscal constraint, makes sense because, first and foremost, it targets resources to the hardest-hit area of the economy, the area where jobs are most needed: the construction sector. Second, taxpayers are getting unique value in the construction marketplace with their investments. Under-utilized capacity in the industry has meant that bids are coming in lower than engineering estimates, enabling state and local governments to complete more projects and stretch tax dollars further. And, as you know, these investments are, literally, the framework upon which American businesses compete in the global economy.

Let’s give the private sector the tools they need to keep America the most productive, efficient country in the world. But I’ll let the National Industrial Transportation League and others speak to the long-term benefits of transportation’s role in the economy; I’ll focus my comments on the essential feature of a transportation investment to the National Construction Alliance II: immediate job creation.

Tens of thousands of members of the Carpenters and Operating Engineers are out of work – some have been unemployed more than 99 weeks and lost their extended unemployment insurance benefits. Many local unions have been delivering social services to members, rather than promoting their industries and matching skilled members to employers' workforce needs. Times are tough. Once-proud local unions' halls have been transformed into Food Banks.

Because the construction industry is still suffering some of the worst unemployment that it has seen in a generation, an investment in infrastructure would inject public resources into the place it is needed most. An important analysis by the Federal Highway Administration of employment impacts related to highways investments says that over 2/3 of the direct jobs created by a transportation investment are in construction. The same Federal Highway Administration study estimates that around 10,000 *direct* construction jobs are created with every \$1-billion invested in transportation. The current national unemployment rate in construction is 20.7% – far and away the highest unemployment in any industry sector and more than double the unemployment rate in the national economy. Since December 2007, construction employment has fallen by 1.9-million jobs. The labor market problems in the construction industry are acute. Fixing them will no doubt help solve the economy's larger problems. Paychecks for these construction workers will drive broader consumer demand for goods and services.

There are a couple of detailed points I'd like to make about the labor market as we look back at 2010. First, annual average employment in 2010 in the "heavy and civil engineering" subsector of construction hit its lowest point since 1996. This subsector of the industry includes the construction of utility systems; land subdivision; highways, streets, and bridges; and other types of heavy construction. Second, the employment picture in the highway, street, and bridge subsector – that subsector most closely associated with transportation investments – is even worse. Employment in that subsector dropped 18,800 jobs in the month of November – the last month for which data is available from the Bureau of Labor Statistics. Aggregate employment in the industry is at a 15-year low.

The nation cannot afford to keep losing construction jobs. Without an investment in the nation's transportation network, the industry will steadily lose more and more jobs. McGraw-Hill Construction, perhaps the industry's leading source of private research, forecasts a fairly steep, seven-percent drop in highway and bridge construction in 2011. McGraw-Hill says that, "Waning stimulus support, combined with [a] tough state fiscal environment, will dampen construction near-term." The passage of a robust, multi-year transportation bill will change the forecast and revitalize the economy. You have the power to change this industry forecast, and help the broader economy get back on its feet.

The second point I wanted to emphasize is simple and straightforward: the value that taxpayers are able to get in the construction marketplace today is like no other time in recent memory. Underutilized resources in the sector have meant that bids on Recovery Act projects have come in well under engineers' estimates. The Department of Transportation's experience with Recovery Act funding has shown that more than 2,000 *additional* airport, highway, bridge and transit projects were funded because of low bids, or projects being completed under budget. DOT also reported that among its \$1.1 billion in aviation investments winning bids for the projects came in \$200 million below their initial engineering estimates. Now is simply the best time to invest in transportation in decades. But commodity prices – the steel, aggregate, and other materials – will rise eventually. With delay and procrastination, policymakers will miss a key opportunity – one that taxpayers simply cannot afford.

Getting these projects going will do more than address immediate pain; they will help get America moving again. 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. And, for unemployed construction workers, taxpayers, and the broader economy, there is no better time to invest than right now.

Chairman Boxer and members of this committee, we must not lose momentum on the nation's economic recovery. The unemployment rate in construction peaked at over 27% last year. Forecasts for 2011 are not getting any better. Obviously, the construction industry is still deep in recession. A robust transportation investment could change that. We are eager to continue to work with you in this 112th Congress to advance the cause of this nation's transportation infrastructure. We are prepared to work with this committee, the Senate, and the House of Representatives to support robust federal investment in the SAFETEA-LU Reauthorization. NCA II believes that in order to achieve the needed level of investment in a fiscally responsible way, a gas tax increase (or other realistic and effective sources of revenue) will be necessary. Now is the right time to help the economy, while getting unemployed construction workers, including thousands of members of the Carpenters and Operating Engineers, back to work. And now is the time to get the best bang for taxpayers precious bucks. We are prepared to follow your lead.

Thank you very much.