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ON BEHALF OF THE NATIONAL CONSTRUCTION ALLIANCE

**BEFORE THE NATIONAL SURFACE TRANSPORTATION POLICY AND
REVENUE STUDY COMMISSION OF
WASHINGTON, DC 20590**

March 19, 2007

My name is Donald Kaniewski, and I am the Political and Legislative Director of the Laborers International Union of North America. Everyday, more than 500,000 Laborers' bring their skills and training to the job, performing the hard, demanding and sometimes dangerous work of building America on worksites in communities across the country.

I want to thank you for the opportunity to appear before the National Surface Transportation Policy and Revenue Study Commission this afternoon. I testify not only as a representative of the Laborers, but also on behalf of the unions that are members of the National Construction Alliance: the United Brotherhood of Carpenters and the International Union of Operating Engineers. Together we represent well over one million highly skilled workers in the construction industry.

Our unions want to build America because we believe in an America that leads the world in freedom, justice and economic opportunity.

To continue leading the global economy, the U.S. will need to move its economy better, faster and less expensively than it does today. Robust federal infrastructure investment, among an entire range of modalities such as highways, transit, ports, aviation, freight rail, high speed rail, and water navigation, is essential to create the necessary economic platform upon which the private sector can more efficiently and effectively compete in a global economy. Without this critical investment, businesses and corporations will be severely hamstrung in competing domestically and internationally on the world stage.

To that end we recognize that this commission bears an enormous responsibility. In recent years the country has suffered for the lack of a consistent national transportation infrastructure investment policy. Developing an effective policy will require a diagnosis of the system's problems, an evaluation of funding sources and mechanisms, and a prescription for the proper course of action.

The commission's report owes it to the nation to come forth with a vision and a program that will unite the public and the policy makers. We need practical solutions for the short and long term. The current authorization of SAFETEA-LU, the nation's basic transportation statute, expires in 2009. In legislative terms, on a matter of such

complexity, it's just around the corner and your report can be the cornerstone for the next bill.

The stakes could not be higher and the challenge is global. The countries competing with the U.S. are investing in their infrastructure. For example, according to American Association of State Highway and Transportation Officials (AASHTO) 2007 Report, China is close to completing a "53,000-mile National Expressway System which, when complete in 2020, will rival the 47,000-mile U.S. Interstate System." (Source: AASHTO 2007 Report, "Transportation: Invest in Our Future.")

Over 50 years ago, the federal government committed to building our national highway system. Together we succeeded, and our country became a superpower. To maintain that status and meet future needs, we must, over the next 50 years, solve the nation's transportation problems, from traffic congestion to crumbling roads, from inadequate ports to out-of-date transit systems.

Our unions believe that success in this endeavor rests upon achieving certain goals:

- The character of the nation's transportation policy is and should remain Federal and unified.
- Federal funding for transportation infrastructure projects must be robust and long-term.
- The policy must promote and enhance the recruitment and retention of a well-trained, highly skilled construction work force.
- Policy must be transparent and detailed in order to secure broad public support for its goals and financing.

I wish to address each of these in brief.

For well over a decade we have seen a growing tension between those who seek to devolve federal transportation policy to the states and those who realize that the global challenges embodied in our surface transportation policy can only be met nationally. Clearly we are in the latter category. Improving transportation infrastructure is not just about relieving congestion on a particular road or at a certain port. Meeting national goals requires a national policy that can meet the challenges of integrating the various modes of surface transportation, address land use and importantly, fairly distribute costs so that what we achieve is truly in the national interest. Today's Federal program must be transformed into a Federal policy that provides a vision for the long term. Anything less fails the country.

To increase investment in this nation's infrastructure, we support maximizing existing revenue sources. Unequivocally we believe that the most straightforward approach to increasing revenue lies in increasing the user fee. The public can be convinced of this if they believe they will get what they pay for and the interstate system is the prime example that they will. What fee modifications and or additions that are made should all

be tied to a trust fund that is dedicated to the purposes of funding and improving surface transportation systems, highways in particular. A gas tax increased or transformed into a sales tax or a fee based on vehicle miles traveled (VMT) are all acceptable to us and we believe to the public if they have confidence that they will get what they pay for and the funds will not be diverted. We are not averse to innovative financing, particularly for large projects of national significance. Bonding and other tools of financial leverage should be part of the mix. And while we are not experts on all methods of innovative financing we believe everything that enhances investment must be considered.

Public private partnerships (PPPs) have been a topic of much discussion, debate and experimentation in the states. That experience should be closely evaluated. We do not believe that PPPs are a panacea and we should exercise care that PPP doesn't come to stand for "picking the people's pocket". By themselves they cannot solve the need. The role they will play in a national program should be openly debated and well defined if they are to gain public acceptance. PPPs are not a substitute for political will or national policy. While they have a role we still believe that user fees are a better alternative.

Let me conclude with a final recommendation on financing. It is time to evaluate the budgetary framework of infrastructure. User fees, innovative financing and public private partnerships might all be more productive if part of a capital budget. We believe infrastructure is investment not expenditure and we urge the commission to consider a new budgetary framework.

Any national policy to address the nation's transportation problems must ensure well-trained construction workers are available to do the work. A federal program of construction and public works should assure the payment of wages and benefits that prevail in the areas in which they are built. Since its enactment in 1931, the Davis-Bacon Act has done just that by helping the Laborers, Carpenters and Operating Engineers along with their brothers and sisters in the construction trades, union and non-union, build America safely and effectively while building better lives for their families.

In addition to determining the prevailing wage and recognizing health and retirement benefits where they prevail, the Davis-Bacon Act is a lynchpin for recognizing and supporting joint labor-management training programs which historically have provided the skilled construction workers necessary to productively build this country's surface transportation systems. In the union sector these training programs are financed privately by contributions to trust funds and not with public funds.

The original policy premise underlining the Davis-Bacon Prevailing Wage Act of 1931 was to prevent federal construction dollars from disrupting the stability of local construction markets. These federal construction dollars were meant to neither inflate nor depress local community wages but to reflect those community standards. That policy is as viable in 2007 and moving forward as it has been over the past seventy-six years. Both Democratic and Republican Congresses have sought to consistently apply that policy to every major federally assisted construction program.

We are in agreement with the statements made by many of our management counterparts that these should be good paying American jobs and Davis-Bacon helps guarantee that reality.

Construction jobs are not easy, glamorous, nor sadly, always safe. Our members are engaged in one of the few industries where we are continually put ourselves out of work upon the successful completion of a job. When it comes to crucial public infrastructure projects, contractors owe it to taxpayers to compete based on quality and not by driving down wages and undercutting local community economic standards. That's what the family-supporting Davis-Bacon Act and prevailing wages are about: making sure that public projects don't disrupt local economies, either by driving wages down or artificially inflating wages.

For these reasons we strongly believe that the historic application of the Davis-Bacon Act must remain consistent across all methods of financing.

Lastly, this commission should consider the means to solidify public support and reinvigorate the political will behind infrastructure investment. Americans must understand the need to invest in the country's infrastructure not only to lessen traffic congestion but, more importantly, to build transportation infrastructure that will serve as the country's competitive platform and economic engine this century and beyond.

Thank you again for the opportunity to provide testimony today. I hope you will continue to consider our members partners in your efforts.

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