

**AN AGENDA TO REBUILD
OUR INFRASTRUCTURE
&**

BACKGROUND

The State of Our Infrastructure

There is little doubt that much of the public infrastructure that is crucial to maintaining a high quality of life for citizens and efficient operations for employers needs to be improved. During the past several years there has been a parade of reports, studies and assessments all of which have found that the state of America's infrastructure is, at best, poor. Worse, many of these assessments were able to demonstrate the financial and health costs inadequate infrastructure conditions are having on American families, employers and the overall economy.

A few examples of recent findings about the state of U.S. infrastructure:

The American Society of Civil Engineers "Report Card for America's Infrastructure" gives a D+ rating to the state of U.S. infrastructure.

The Edison Electric Institute estimated in 2008 that by 2030 the U.S. electric utility system would need up to \$2.0 trillion in investments to continue functioning efficiently.

The Council of Great City Schools survey of just 50 school systems found that the U.S. needs to invest \$300 billion to cover deferred maintenance needs, more than \$500 billion to cover modernization needs for our aging school buildings.

Reinforcing the finding of these studies is a seemingly endless series of anecdotal reports highlight the impacts of our failed public infrastructure. These reports include lead in public water systems, interstate highway bridges collapsing, failing locks on major shipping channels, transit system breakdowns, and water mains breaks that have become an almost daily fact of life in most communities.

The Need to Rebuild the Construction Workforce

According to survey results the association released earlier this year, nearly two-thirds of construction firms report they are having a hard time finding enough qualified workers to hire. The reason is we have essentially dismantled the once robust pipeline for recruiting and preparing new construction workers. Thirty years ago most school districts operated robust vocational education programs. However, as education trends shifted toward pre-collegiate skills, many school systems stopped teaching craft skills.

Today few school districts offer what is now known as career and technical education programs or provide instruction in construction skills. This signals many students and their families that construction is not a career worth considering, despite the fact it pays more than 10 percent above the average non-farm job. Those students who do seek to pursue careers in construction are further hampered by their inability in many parts of the country to find construction programs. As the current construction workforce continues to retire in large numbers, more firms will be forced to cope with the challenge of having to replace workers when there are relatively few new ones available.

It is important to note, however, that there is not a single labor market as the Bureau of Labor Statistics and the association's annual workforce survey have made clear. In certain parts of the country— Pennsylvania, Kentucky and Maine are recent examples— demand for construction is shrinking. In these markets many contractors are more worried about finding work than they are finding workers. Certain market segments within construction are also more susceptible to labor shortages than others. Due to chronic underfunding of infrastructure investments, highway and other infrastructure contractors have not experienced as much growth in demand for construction as have other segments. As a result these firms may be less likely to be stressed by growing demand for their services.

Yet for many construction firms,

THE AGENDA TO REBUILD INFRASTRUCTURE AND THE CONSTRUCTION WORKFORCE

The incoming presidential administration and new Congress

Establish a Commission for Setting Transportation User Fees

Congress and the Administration should consider establishing a Transportation User Fee Commission that would operate along the lines of the Postal Rate Commission, which sets the rate for postage stamps based on the needs of the postal system. Establishing a similar commission for transportation infrastructure would depoliticize the process of setting transportation user fees. Congress and the Administration would have to establish criteria for

Use Private Activity Bonds to Support Social Infrastructure Projects

The administration and Congress should establish a new category of Private Activity Bonds to help finance social infrastructure projects such as schools, hospitals and other public structures. This would make it easier for communities to finance needed school improvements, modernize police and fire facilities, upgrade universities and other higher education institutions and improve local and regional healthcare facilities.

Encourage States to Enact Permissive and Workable Private Partnership Laws

Congress and the Administration should establish a new Public Private Partnership Innovation Fund using some of the proceeds from repatriated corporate tax revenue. The Department of Transportation would use this fund to encourage states to enact new, or revise existing, public private partnership legislation to encourage greater private sector funding for transportation infrastructure projects. States will be able to win competitive grants from this fund based on their success in enacting workable legislation and entering into viable public-private partnerships.

Reform and Re-Establish Build America Bonds Program

Build America Bonds allow state and local governments to obtain much needed financing, at lower borrowing costs, for projects such as construction of schools, hospitals, transportation infrastructure and water & sewer upgrades. Congress should reform this now-expired bonding program by requiring a portion of the transaction fee firms collect when the bonds are issued to be set aside for a special insurance pool to cover potential defaults. This would address one of the primary concerns about the program – that it required the federal government to guarantee billions in new bonding from local governments.

Establish a National Infrastructure Financing Authority

A national financing authority for infrastructure would complement and help coordinate existing Federal infrastructure funding and financing programs. The Administration should establish such an authority within the Treasury Department as a government sponsored enterprise with an independent board. This new authority would oversee various existing financing programs such as Transportation Infrastructure Finance and Reform Act loans (TIFIA), Railroad Rehabilitation and Improvement Financing (RRIF), Clean and Drinking Water State Revolving Funds and Water Infrastructure Finance and Innovation Act (WIFI) loans.

Enhance State Infrastructure Banks

As part of the federal transportation program, state can use some of its share of federal surface transportation funds to capitalize State Infrastructure Banks. Most of these banks function as state revolving loan funds that loan money directly to project sponsors. The interest on the repaid loans then helps finance additional loans. The incoming administration should make it easier for the 18 states that currently lack such banks to establish them, including loosening restrictions on their operations and offering additional grants and other financial incentives to states that establish new banks.

Remove Cap on Airport Passenger Facility Charge

The administration and Congress can support the reconstruction of aging and overcrowded

Increase Funding for Flood Control

Congress must increase investment in our nation's flood control infrastructure in order to protect against damaging floods. Floods are the most common natural disaster in the

Encourage Greater Private Operation of Transit Services

Many transit systems are operated by monopolistic public entities that have institutional and political disincentives to introducing operating efficiencies and/or altering service schedules and patterns to match shifting regional demographics. However, a growing number of local, regional and state governments have shifted operation responsibility for all or part of their transit operations to the private sector to improve operations and reduce costs. With the advent of new private sector transit services like Uber, Bridj and other commuter bus operations, there are even more opportunities for transit operators to seek greater efficiencies through the private sector. Congress and the Administration should put in place provisions that encourage and reward communities willing to partner with the private sector to operate, on a contract basis, transit systems or that allow multiple private operators to run different parts of their transit system in a competitive manner.

Reform the Water Resources Development Act

Congress must pass biannual Water Resources Development Acts that allow navigation competition (WATER SOU

The administration and Congress must work together to pass legislation to establish a facilities reform board to identify opportunities to reduce the real property inventory and recommend the sale of underused and vacant federal properties. Transferring these properties to the private sector would contribute new revenues in the form of property taxes as well as development and construction fees. This new board should also identify opportunities for the

Improve Access to Information and Training Programs

Students assessing training programs often lack the requisite information on which programs best fit their needs. Despite many state and federal agencies collecting information about student outcomes— including data on retention, completion or post graduation employment and earnings— few government agencies make this information readily available. The administrations should require this data to all prospective students.

Incentivize Competency Based Occupational Credentials

Despite the fact the construction industry is increasingly reliant on industry driven occupational credentials there are few incentives or effective quality control measures in place to support them. The administrations should offer incentives to firms that accept occupational credentials and make more information available about the success of these credentials.

Offer Community College Career and Technical Programs to High School Students for Free

Other states should follow the lead of states like Kansas and Tennessee which has enacted legislation allowing high school students to enroll in public community college career and technical programs and have those courses count toward their high school diploma. Students can graduate high school with applicable technical skills and knowledge to go to work immediately, prepared for a career or to secure a good paying part time job while attending college. Allowing high school students to take these kinds of community kindsty

Make it Easier for Veterans to Get Training and be Hired

Congress should enact measures to allow veterans participating in pre-apprenticeship training programs to receive the same amount of educational assistance as individuals participating in apprenticeship programs. This will make it easier for veterans to begin the process of acquiring construction skills. In (m)-204 TC/s23 Tw 0.51 0 Td (ln)Tj 0 Tc 0 Tw 0.81 0 Td (-a(tic)6 (ip

CONCLUSION

From leadlined watersystems in centralPennsylvania, over-capacityhighways in southern Nevada, aging transit systems in rust belt cities lining the GreatLakes, and inadequate energypipelines in the Southeast, our once great public infrastructure is failing us. Fortunately, the incoming presidential administration and Congress have a unique opportunity to make significant, and much-needed investments in infrastructure.

Having won on a promise to rebuild our highways, transit systems, pipelines and urban cores, President-elect Trump has a clear mandate to deliver on that pledge. There also is overwhelming bipartisan support for these kinds of investments with recent measures to fund repairs to locks and waterways and pay for some road and transit repairs passing with 90 votes in the Senate and more than 300 votes in the House. An infrastructure program could easily be our new President's first major legislative accomplishment.

Enacting a significant new infrastructure program will bring immediate and widespread, benefits to our economy. It will help put more people to work in a construction industry that already pays a higher wage than most Americans receive. And it will create tens of thousands of manufacturing, mining and service sector jobs as equipment makers, aggregate firms and construction suppliers see immediate boosts in new orders.

More significant than the immediate economic boost, however, will be the longer term economic benefits these new investments deliver. Rebuilding aging bridges, expanding highway capacity, making our transit systems more reliable, upgrading our energy infrastructure and improving the safety of our water systems will make our economy more efficient and our businesses more competitive. Instead of spending more on the extra fuel and time wasted on traffic, businesses will have more capital to invest in extra staff, new technology and more research for example.

By giving the construction sector a starring role in his plan to rebuild America, President-elect Trump and his infrastructure program will help provide tens of thousands with high-paying, skilled jobs that can't be outsourced. These jobs will include skilled craft positions and other positions that require college degrees such as estimators and engineers. Moreover, his focus on providing a decade's worth of funding will send a strong signal to potential workers that these will be long-term positions that will offer the kind of job security needed to attract a new generation into the construction sector.

As vital as new investments in infrastructure are, we also need to act now to ensure we will be able to pay for future infrastructure improvements. That is why the construction employers and workers we represent are committed to making sure any new infrastructure program includes significant, sustained increases in infrastructure investments and ways to pay for them for years to come. Without increased funding and new ways to pay for future repairs, it will only be a matter of time before our infrastructure begins to crumble again. After all, our country is only as great as its future is secure.

Appendix A



Looking Forward: The Next 15 Years

Addressing the Federal Annual Revenue Gap (maintain current level next 6 years)

