

WRITTEN STATEMENT OF
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BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
PANEL ON 21ST CENTURY FREIGHT TRANSPORTATION
HEARING ON

“OVERVIEW OF THE UNITED STATES’ FREIGHT TRANSPORTATION SYSTEM”

April 24, 2013

Chairman Duncan, Congressman Nadler, and members of the Panel on 21st Century Freight Infrastructure, thank you for the opportunity to testify today on the importance of freight transportation.

As the President of the Transportation Trades Department, AFL-CIO (TTD), I am honored to speak on behalf of workers who make freight transportation possible. By way of background, TTD consists of 33 affiliated unions that represent workers in virtually every mode of transportation including those engaged in the movement of freight.¹ Without transportation workers, goods would travel only as far as consumers would be willing to drive, exports would never arrive at or leave our docks, and raw materials needed by our manufacturing sector would never be received. As a result, the abundance of choices available to today’s American consumers and businesses would dwindle, jobs would be slashed and our nation’s presence as the leading force on the global field would vanish.

But through the work of the members we are proud to represent, the movement of freight becomes a reality. And because these workers have secured the benefits of collective bargaining, they earn a middle-class living, with good health care, retirement and other benefits, workplace safety protections, and an important level of job security for them and their families. These good jobs in turn support communities across the nation and drive our economy.

These members include many of the approximately 170,000 Americans who operate and maintain the freight railroad network, signal systems and equipment while transporting over a billion tons of cargo each year.

TTD also represents tens of thousands of maritime, longshore and warehouse workers employed on vessels that transport our freight and at docks in Hawaii, Alaska, the Great Lakes, major U.S. rivers, and along the East, West and Gulf coasts where they unload cargo. These workers play a vital role in the ability of the U.S. to export and import goods that fuel the world’s most powerful economy.

¹ A complete list of TTD affiliates is attached.

Additionally, we represent virtually all aviation unions whose members operate, maintain and support air carrier operations – both the all-cargo carriers and the commercial passenger carriers that combined carry millions of tons of freight here and across the globe. So when you think of the nation’s aviation employees – both air carrier employees and the men and women who work in and maintain our air traffic control system – they play a vital role in our complex freight transportation network.

Taken together, freight transportation workers helped move an estimated 12.5 billion tons of freight valued at more than \$11.6 billion in 2007. Compared to 10 years prior, this data reflect an increase of 13% in freight weight and 68% in freight value. Notably, the Department of Transportation projected that our national freight tonnage will increase almost 70% by 2020 with some freight gateways experiencing a tripling of freight volumes. This projected growth in freight volume will require leadership in Washington if we’re serious about making sure our infrastructure can keep pace.

We all know the facts. Our infrastructure is currently in a deplorable state of disrepair. In the World Economic Forum’s 2012-2013 *Global Competitiveness Report* the U.S. ranked number 25 in the world on the quality of its overall infrastructure. The fact that the world’s strongest economy must function with an infrastructure that barely cracks the top 25 should worry government and business leaders. The 2013 report card issued by the American Society of Civil Engineers (ASCE) says it all. Our infrastructure received a cumulative grade of D+. ASCE rated our ports a ‘C’, our railroads ‘C+’, our roads ‘D’, and our aviation system a ‘D’, finding that underinvestment and deferred maintenance are undermining the state of our infrastructure.

Our economic strength is intrinsically linked to the condition of our transportation infrastructure. When channels are too shallow to receive large vessels, or railroads are located miles away from ports, unnecessary delays and congestion cause the flow of commerce to slow and cost our economy billions. As a result, our ability to compete in the international market and meet President Obama’s goal of doubling exports by 2015 is undermined. Thus, the national discussion about the state of our freight transportation system isn’t just another transportation policy debate; it’s about providing American businesses the infrastructure they need to distribute their products to the rest of the world and ensuring the U.S. remains a dominant force in the global marketplace.

Fortunately, we have the opportunity to reverse years of underinvestment and neglect. There are plenty of good ideas that, if implemented will produce the resources needed to support a transportation network that reaches its potential, can keep pace with an expanding economy and is safe and efficient. What is missing is the political will to invest in such a system. While the private sector has a vital and necessary role to play in investing in our freight transport system, the government simply cannot abdicate its responsibility to properly fund this sector of our transportation system across all modes.

We can start by spending the money we take in each year through the Harbor Maintenance Tax (HMT). As this Committee knows, these funds are collected for the purpose of improving a vital link in our freight system: our ports and navigation channels. The U.S. Army Corps of Engineers estimates that 95% of our international trade travels through our ports, yet ASCE

estimates that between now and 2020, our ports and inland waterways will require \$30 billion of investments to meet their growing needs. This comes just as the expansion of the Panama Canal is approaching, when vessels and ships are increasing their size and trade volume at ports is expected to double. Many of our channels are already too shallow to allow vessels to pass through, and this problem will only worsen with the emergence of mega-vessels carrying heavier loads.

The \$7 billion that has been accumulated and is sitting in the Harbor Maintenance Trust Fund should be invested in our ports to accommodate for the Panama Canal expansion and the realities of today's vessels. TTD is encouraged by this Committee's bipartisan interest, support and discussions regarding a Water Resources Development Act (WRDA) bill and specifically, HMT funding reform, and we hope the Committee will work with the Senate to send a bill to the President's desk. We urge the Committee to advance reforms that finally unlock the HMT funds that are held hostage at the expense of the port/maritime sector and our economy.

Congress must also tackle the surface transportation funding crisis. As this Committee knows and as transportation labor has testified before, the Highway Trust Fund (HTF) spends \$15 billion more than it receives each year and may become insolvent after Fiscal Year 2014. The demands on the HTF are tall, yet its funding source, the gasoline and diesel fuel taxes, hasn't been increased since 1993 and its buying power has fallen 33%. The threat of insolvency must be addressed – the most straightforward way to do so is by increasing the gas tax and indexing it to inflation. It is time for our political leaders to tell the truth to Americans and businesses: unless we increase revenues flowing into the collapsing HTF – yes by raising the federal fuel user fee – our highways, bridges and public transit systems will fail us and our economy will crater.

We also recognize that as vehicles become more fuel efficient and the public increasingly drives alternative fuel vehicles, other revenue sources must be identified as well. We've supported other funding mechanisms to complement the gas tax, and we'd be interested in talking to the Committee and others regarding different options.²

It comes as a shock to no one that our surface transportation infrastructure is failing our economy. Everyone here understands that there are viable funding solutions that will allow our country to boost investments and create hundreds of thousands of jobs along the way. However, there is a profound lack of political will in Washington to actually propose methods of addressing the funding shortfall. While we appreciate the strong message from lawmakers (many of them serve on this Committee) about modernizing and expanding our transportation system, America needs real, viable funding options to be put on the table and enacted.

Let me add that the tepid support found in the just unveiled Gallop Poll for raising the federal fuel tax and dedicating the funds for roads, bridges and mass transit should worry those on this Committee attempting to lead a national debate about the importance of investing in our failing transportation system. While data show that a majority of state transportation revenue initiatives are passing, this poll demonstrates that we are failing to paint an honest national picture for the

² Attached is our 2013 Policy Statement "Options for Avoiding the Highway Trust Fund Cliff" that was adopted by the TTD Executive Committee in February 2013. It provides further detail on TTD's call on Congress to fix the HTF.

American people and businesses on the severe impact to our economy and job creation of continuing to neglect our severely aging infrastructure.

Enhancing surface transportation programs will also require adequate funding for intermodal projects. As I mentioned earlier, we represent workers employed in an array of components and subcomponents of the freight transportation system. We understand better than most that in order for the U.S. to remain competitive, we need a robust, integrated system that connects ports, railroads and roads with each other and with cargo-carrying aircraft. Investing in intermodal facilities will connect the modes, reduce congestion, and decrease shipment time, which help make products more affordable to consumers and facilitate domestic and international trade. Congress must ensure that the needs of these facilities are considered as the expansion of freight transportation is debated and as legislation is crafted.

With regards to our aviation system, the FAA is in the midst of transforming our decades-old radar-based air traffic control system to a modernized satellite-based system that will employ new technologies to increase efficiency, expand capacity, reduce congestion and enhance safety. The air transport of freight, on both cargo and passenger aircraft, will benefit from the cost savings and capacity enhancements resulting from NextGen, allowing consumers and businesses to save as well. But unless Congress commits to appropriating the funds needed to fully implement this modernized air traffic system, freight transportation will suffer as well. The model used today – subjecting air traffic control modernization to funding fits and starts – isn't serving our nation's economic interests and is slowing progress on this vital initiative.

The role of the private sector in project delivery will undoubtedly be debated. We acknowledge that long-term transportation projects may require innovative financing and we understand that expanding the use of public-private partnerships (PPPs) may be proposed. The fact is that the private sector has always played a robust role in our transportation system and will continue to do so.

TTD continues to believe that PPPs have a finite role to play in the delivery of transportation projects, as PPPs cannot provide the revenue streams necessary to finance a national, intermodal transportation system. In other words, if we fail to solve the significant public funding issues, there will be limited opportunity to attract the private investment needed to execute more PPPs. I hear this point all the time from the private capital professionals: in order for private investors to come to the table, the dysfunctional federal policy regime that is failing to provide a reliable federal funding stream must be reversed.

Let me add that as Congress considers the role of PPPs, we will make the case for rigorous initial cost-benefit analyses and clear accountability for the cost and quality of the work performed. Further, longstanding worker protections must be applied and rules that safeguard the rights of workers must be honored. PPPs and innovative financing measures cannot be used as a mechanism to eliminate collective bargaining rights or worker protections as part of a business model to increase profits at the expense of workers. If that is indeed the path that is taken, we will oppose those efforts and the political support for these types of projects and funding options will be fractured and weakened.

It is impossible to have a discussion on the role of our freight transportation system without acknowledging that there are a number of pending policy issues outside the funding challenges already noted that have a direct impact on this sector's ability to move cargo efficiently and safely.

For example, a viable U.S. maritime presence cannot be sustained without strong cargo preference laws that ensure U.S. cargo is transported on U.S. flag vessels. I must note that this law was weakened for U.S. food aid transports in the recently completed MAP-21 reauthorization – a law that previously had little to do with maritime commerce. TTD and our affiliates are working to reverse this misguided departure from our cargo preference laws and to ensure that changes proposed for this program by the Obama Administration are not enacted.

There are also a number of rail safety issues that will be considered by this Committee as part of any reauthorization of the Rail Safety Improvement Act. Chronic fatigue issues left unresolved by the last law must be addressed, positive train control needs to be implemented, and we will oppose efforts to allow larger and heavier trucks on our nation's highways. We agree with the freight rail carriers that repealing certain anti-trust rules for the industry would be a mistake as would new unfair economic regulatory requirements. These changes would harm the wages and jobs of workers employed in this industry and make it more difficult for rail carriers to invest in the infrastructure improvements sorely needed to improve freight transportation.

On the aviation side, we are committed to extending to pilots in the all-cargo sector the new fatigue rules that cover passenger carriers. We strongly objected to the Obama Administration's decision to completely exempt cargo pilots from the new regulations. Despite claims to the contrary, pilots that fly for cargo carriers suffer from the same fatigue issues as commercial passenger pilots and share the same air space. They should therefore be covered by the same fatigue rules. We support legislation introduced by Reps. Michael Grim (R-NY) and Tim Bishop (D-NY) to close this regulatory loop-hole and we urge the Committee to consider and pass this legislation that improves the safety of this important sector of the freight transportation system.

We commend the Committee and Congress for the work you've done so far in placing greater priority on establishing a comprehensive freight system, and in particular for the freight provisions included in MAP-21 which will change the way we address freight transportation at the national and state levels. Among other freight-related requirements, MAP-21 called for the development of a national freight policy, national freight network, national freight strategic plan, and state freight advisory committees, which will produce a comprehensive approach to freight transport. By establishing and pursuing national freight goals, we can build a system that integrates our freight needs with states' needs and capabilities. In doing so, Congress established freight as an important aspect of our transportation system, and we applaud Congress for its work.

We also applaud the Administration for aggressively implementing the freight provisions of MAP-21. In February, the Administration announced the process for designating the national freight network and identified milestones for future progress. Additionally, the Administration created the National Freight Advisory Committee to advise the Secretary of Transportation on issues relating to freight transportation planning and the implementation of the new freight

provisions included in MAP-21. We believe this Advisory Committee is an important step in the Department of Transportation's efforts to develop an integrated, comprehensive approach to freight movement, and transportation labor looks forward to participating in its deliberations.

We are pleased to support this Committee's work to develop a comprehensive freight transportation policy framework. We share your view that without a renewed focus on freight transportation and the investments that are clearly needed, we will be missing the opportunity to boost America's competitiveness, create middle class jobs that still elude too many Americans, and modernize the way our companies and people compete in the global economy.

We appreciate the opportunity to testify today and look forward to participating in the Panel's efforts to address the needs of the 21st century freight transportation system. Thank you.