AN AGENDA TO REBUILD OUR INFRASTRUCTURE & OUR CRAFT WORKFORCE

How the New Administration & Congress Can Restore Aging Infrastructure and Rebuild the Domestic Pipeline for New Construction Workers

AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.

INTRODUCTION

The fact President-elect Trump won the election – with coattails – in part on a campaign pledge to rebuild the nation's aging infrastructure provides an historic opportunity to modernize and improve our aging transportation, water and energy systems. This opportunity will not come without challenges, however. The foremost of these challenges will be figuring out the best way to pay to finance and invest these new investments.

AGC of America has crafted the following Agenda to identify and explain the components that the President-elect and incoming Congress should incorporate into any infrastructure package. Our intention is to highlight a variety of financing and funding opportunities that are available and to ensure that the administration has a plan in place to ensure that any new investments have the maximum impact for improving our aging infrastructure.

The plan also addresses the need to put in place long-term, sustainable new sources of revenue to finance infrastructure repairs and improvements for years to come. Bringing our infrastructure back to a state of good repair is essential, especially for our continued ability to compete in a global economy. But the incoming Trump administration should also put in place the measures now to keep our infrastructure from deteriorating back to the place it is today.

The new administration also has an historic opportunity to leverage its efforts to rebuild our aging infrastructure to reinvigorate the once robust pipeline for recruiting and preparing new construction workers. Declining public-sector investments in infrastructure and other civil works projects have left many heavy civil firms, which typically build infrastructure, with more slack in their labor pools than many other types of construction firms. Despite the fact those firms are less worried about finding workers now, the fact remains that few young people currently choose construction as their career of preference.

Our plan identifies how the new administration can help put more high school and college graduates into high-paying construction careers by increasing funding and flexibility to make it easier for state and local officials to set up construction programs. These programs would not only provide essential construction skills, they also will serve as valuable recruiting tools by signaling to students and young adults that construction is a career path worth considering. By giving construction a starring role in rebuilding the economy, President-elect Trump can help attract a new generation into the construction trades and place young people into careers where they can economically advance.

In other words, President-elect Trump can accomplish a number of significant policy objectives with a single infrastructure initiative. First, he can bring our aging infrastructure back into a state of good repair. Second, he can boost our economy by creating significantly more new and high-paying jobs in construction and related fields. He can also make our businesses more competitive by reducing shipping, commuting, water and energy costs. He can put infrastructure funding back on a sound, stable and long-lasting footing. And finally, he can end the educational mismatch that today prepares too many students with skills employers don't need while firms search in vain for graduates with skills that aren't being taught.

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 overall state of U.S. infrastructure. In particular, the society's most recent report notes that despite slight improvements to some types of infrastructure, the overall condition of the country's public infrastructure is serving as a drag on economic growth.

- The research group TRIP notes that nearly one-third of the nation's urban road network is in substandard condition. They also note that the cost of poor road conditions in many of the nation's largest cities adds hundreds of dollars in maintenance and operating costs for the average vehicle-owning family.

- A survey completed by the Associated General Contractors of America earlier this decade found that traffic congestion and poor road conditions adds an estimated $23 billion in the annual cost of commercial construction because of delayed shipments and late-arriving workers.

- The American Water Works Association reports that most underground water pipelines in the U.S are either nearing or have already surpassed their useful life. Some of those pipes date back to the 1800s. As a result, the country endures 240,000 water main breaks per year.

- The United States suffers more blackouts than any other developed nation as the number of U.S. power outages lasting more than an hour have increased steadily for the past decade. According to federal data, the U.S. electric grid loses power 285 percent more often than in 1984. That is costing American businesses as much as $150 billion per year.

- The U.S. Chamber of Commerce reports that 90 percent of locks and dams on the inland waterway system experienced an unscheduled delay during the past year. Throughout the system, there was an average of 52 service interruptions a day, prevent goods from getting to market and driving up costs by as much as $33 billion.

- 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 infused 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.

<u>The Need to Rebuild the Construction Workforce</u>

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 educational programs. However, as educational 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 surveys 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, workforce shortages are very real and extremely significant. The problem will not go away without broader changes to the nation's approach to education and workforce preparation. As the association has detailed in its Workforce Development Plan, there are a range of steps federal, state and local officials should take to make it easier for school systems, local associations and construction firms to set up construction recruiting and training programs. These measures include reforming and increasing funding for the Carl D. Perkins Career and Technical Education Act, enacting comprehensive immigration reform, making it easier to set up charter schools and career academies that teach basic construction skills and allowing high school students to participate, free of charge, in community and technical college construction skills programs.

President-elect Trump's plan to give the construction industry a starring role in the rebuilding of America will also help attract a new generation into the construction industry. But we need to make sure that there are enough career and technical education programs wit to prepare this new generation of workers. Moreover, having those programs in place will create a virtuous cycle by signaling to families and students that our school districts place a high value on high-paying construction careers.

THE AGENDA TO REBUILD INFRASTRUCTURE AND THE CONSTRUCTION WORKFORCE

The incoming presidential administration and new Congress should embrace a three-pronged approach to ensuring any new infrastructure proposal is a success. Foremost, our elected officials need to identify and enact a series of funding and financing proposals that will both pay for the immediate infrastructure plan and ensure future infrastructure needs are met. Congress and President-elect Trump should also take the opportunity to enact a series of programmatic and regulatory reforms to ensure the new infrastructure funds are spent wisely and well. And executive and legislative branch officials should use the infrastructure program to help rebuild the pipeline for recruiting and preparing construction workers in the country so more young adults can earn a salary that supports a middle class life.

Innovative Infrastructure Funding and Financing – The first priority of the federal government is to provide stable funding sources for our nation's infrastructure. These should include both traditional, sustainable methods of funding as well as a broad spectrum of innovative funding and financing methods needed to bring infrastructure back into a state of good repair.

- **Identify New, Sustainable, Long-Term Funding Sources to Pay for Highway, Bridge and Transit Projects**

  Most surface transportation infrastructure projects have traditionally been primarily funded by the Federal Highway Trust Fund. This fund is supported by federal gas and diesel tax revenues as well as a series of other fees related to highway use. Unfortunately, political reluctance to increase the surface transportation user fees have required several general fund transfers during the past decade to prevent the Trust Fund from hitting a zero balance.

  Recent legislation to provide funding for ongoing repairs and improvements to the nation's surface transportation system have failed to ensure the long-term solvency of the Highway Trust Fund, which provides the bulk of federal funding for highway, bridge and transit system construction and repair projects. Instead, federal officials have simply enacted over $140 billion worth of last-minute General Fund transfers into the Highway Trust Fund. Uncertainty about the long-term viability of the Highway Trust Fund has undermined state and local officials' ability to plan, fund and construct transportation projects.

  Any new surface transportation infrastructure program must include new and sustainable funding mechanisms designed to keep the Highway Trust Fund viable for the long-term. These mechanisms could include increases to existing funding sources such as the gas tax, or they could include new funding sources such as a vehicle miles traveled user fee. Appendix A outlines a series of funding options the association has identified to generate the kind of additional, sustainable and long-term revenue needed to meet future surface transportation needs. Whether the administration and Congress select these or other options, it is essential that the additional revenue sources support, indefinitely, the increase investment levels provided under any new Trump Administration infrastructure proposal.

- **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 evaluating the funding needs of the transportation system vs. the impact any rate increases would have on the economy.

- **Eliminate Federal Prohibition on Interstate Highway Tolling**

  The current prohibitions on tolling on the vast majority of the Interstate Highway System were put in place when toll collection required costly, and delay inducing toll booths. With the advent of high speed electronic tolling, tolls could easily be put in place with no impact whatsoever on traffic flow. Until those outdated prohibitions on tolling are removed however, many communities will suffer from needless congestion and ongoing maintenance backlogs because of a lack of Highway Trust Fund revenue and the massive diversions of what is left of the Fund into other priority areas. Lifting the tolling prohibition will give officials another option for bringing parts of the highway network back up to a state of good repair and relieve congestion.

  In addition to lifting restrictions on Interstate Highway Tolling, Congress and the Administration must enact legislation requiring that the use of that toll revenue must first be used to ensure that the tolled facility or facilities are being adequately maintained or improved in a way that reduces congestion. Only after these requirements have been met should state and local officials be able to use the toll revenue for other, qualified, transportation improvement projects. State and local government officials should not be allowed to use the toll revenue for non-transportation related expenditures.

- **Exempt Construction from the Private Activity Bond Cap**

  Private Activity Bonds are a form of financing that allows private entities to partner with state or municipal governments to receive tax-exempt financing for private- or publicly-owned projects in the public's interest. However, because these bonds are exempt from federal taxes the rules governing these bonds limit the total dollar amount that can be issued based on a state's population. Eliminating those caps would allow local governments to leverage significantly more private sector capital to help finance water, sewer and mass transit projects, among others.

- **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 health care 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 or 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, a 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 airport facilities by removing the arbitrary cap on the Passenger Facility Charge (PFC) that airlines pay to use each airport. Raising the cap on these charges will give airports the flexibility to set their own levels based on locally-determined needs to improve security, safety and the customer experience. Given the fact many airports need to offer competitive rates to retain air service, the market will ensure that passenger facility charges remain competitive.

- **Establish a Clean Water Trust Fund**

  Consistent with the need to embrace the user pays approach for funding infrastructure, the Administration and Congress should work together to establish a Clean Water Trust Fund that will allow for future investments to come from dedicated and sustainable long-term funding sources. The funding for this Fund would come from corporate, public and private sector users of water systems, helping fund these systems via the same kind of user pays approach that helped build the Interstate Highway System.

- **Offer Financial Incentives to Convert Unused School Buildings into Public Charter Schools**

  One of the greatest challenges facing many new public charter schools, especially those operating in urban areas, is the high capital costs involved with building out dedicated school structures. Yet many of these public charter schools operate in communities that have vacant traditional public school buildings that could be more easily updated than other structures. Many traditional school districts are reluctant to make those facilities available to public charter school operators. The incoming administration should work with Congress to establish a series of tax and other financial incentives to encourage school districts to make unused facilities available to public charter school operators and to defray some of the renovation costs incurred by those public charter school operators.

- **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 United States. Many of the estimated 100,000 miles of levees were originally built to protect rural farmland, but are increasingly relied on to protect our cities and communities. The structural reliability of these levees are unknown in many cases, and flood damage is not covered under standard homeowner's and business insurance policies. According to FEMA, from 2003 to 2012, total flood insurance claims averaged nearly $4 billion per year, and in high-risk areas there is at least a 1 in 4 chance of flooding during a 30-year mortgage. The National Committee on Levee Safety estimates roughly $100 billion is needed to repair our nation's levees. As it stands, federal funding for those repairs is annually around $2 billion. Nevertheless, investment in flood control yields substantial benefits. According to the U.S. Army Corps of Engineers, flood control investment has prevented an estimated $706 billion in river and costal flood damage.

- **Establish a Federal Multiyear Capital Budget for Public Works**

  Establishing a federal multiyear capital budget for public works will make it easier for officials to plan for, and finance, major long-term infrastructure projects. Most states already successfully use multiyear capital budgets. Such an approach is preferable to the current federal budgeting process for key infrastructure like water and wastewater facilities that discourages good long-term asset management by focusing on funding short-term needs only.

Programmatic and Regulatory Reforms. The incoming administration and new Congress have an opportunity to do more than fund and finance needed infrastructure improvements. They should also take the opportunity to enact a series of reforms that build on progress made during the past six years to streamline federal infrastructure programs, reduce red tape and accelerate decision making. The reforms outlined below will help ensure that any new infrastructure program is not bogged down by wasteful spending, costly delays or needless regulatory burdens.

- **Set Six Month Timeline for Federal Environmental Reviews of Transportation Projects**

  The Fixing America's Surface Transportation (FAST) Act of 2015 included significant reforms designed to streamline the National Environmental Policy Act (NEPA) reviews that have made it extremely difficult, costly and time-consuming to secure approval to build new infrastructure. More reforms are needed, however, to ensure decisions are made in a timely manner and to block frivolous legal actions that are solely intended to increase construction costs and delay project schedules. Foremost among those additional reforms should be to establish a six month time limit for completing all federal NEPA reviews. If no decision has been made by the end of those six months, the project should automatically be allowed to move forward. In addition, the administration and Congress should establish a loser-pays provision requiring any plaintiff who files a legal challenge to block an infrastructure project to pay all related legal fees if their challenge is unsuccessful.

- **Begin Planning for Autonomous Vehicles and Other Transportation Innovations**

  Transportation in the United States is on the brink of very significant changes in the way people and goods move from one place to the next. The onset of self-driving vehicles, increased use of car and ride sharing services and similar innovations designed to improve the efficiency of freight movement hold tremendous promise. But our aging infrastructure has the potential to undermine these new innovations and leave the nation in the position of not being able to take advantage of the fruits of its own innovations. The administration and Congress should include provisions in its new infrastructure package requiring a comprehensive study of the changes, and investments, needed to our transportation system to enable the safe implementation of these new technologies. The administration should also appoint a single, senior, administration official to oversee and ensure coordination among the various federal agencies that are currently responsible for implementing next-generation transportation systems and technologies.

- **Evaluate Transportation Infrastructure Projects on Mobility and Safety**

  Any new transportation infrastructure package should include clear directives that potential projects should be approved based on their ability to improve mobility, reduce traffic congestion and improve transportation safety. The current administration has all too often placed other priorities on transportation projects that have shifted some federal funding into forms of transportation that ultimately do little to improve mobility, cut congestion or keep travelers safe.

- **Give State and Local Officials More Flexibility**

  Federal infrastructure programs have become overly prescriptive and insistent on one-size fits-all solutions. This limits the ability of state and local officials to create projects that meet federal needs while accommodating often unique situations. Aside from setting minimum safety standards and ensuring high levels of design and construction quality, federal infrastructure programs should eliminate the high cost of accepting federal funds by eliminating uniform requirements, including Buy America provisions, and the tremendous amount of paperwork that comes with those requirements.

- **Expedite Federal Reviews for New Energy Pipelines and Power Generation Facilities**

  The new administration and Congress should set a 180 cap on the time it takes to conduct a federal review of proposed new energy pipelines. These reviews would remain as thorough as possible, asking tough questions and demanding safe and reliable new installations. However, government officials under pressure from special interest groups to deny certain projects would no longer be able to use indefinite federal review timelines as a tactic to evade making potentially unpopular decisions. Like Congress and the administration should identify ways to expedite the federal review and permitting process for new power generating facilities, particularly nuclear facilities.

- **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 systems in a competitive manner.

- **Reform the Water Resources Development Act**

  Congress must pass biannual Water Resources Development Acts that allow navigation and flood control projects that have been identified by the Army Corps of Engineers to be funded. In addition, the measures should provide contract authority for water resources projects just as the surface transportation bill provides contract authority for highway, bridge and transit projects. This change would help address the incremental funding issues water resources projects face in the annual appropriations process and help deliver projects more quickly. The legislation should also ensure that the user-generated revenues in the Harbor Maintenance Trust Fund and the Inland Waterways Trust Fund become mandatory spending (rather than discretionary spending) only used for maintaining and improving ports and inland waterway locks and dams.

- **Reduce Excess Military Facility Capacity**

  Twenty-two percent of all Department of Defense facilities are considered excess infrastructure. Meanwhile, nearly 19 percent – 52,000 buildings – of Defense Department facilities are considered in poor or failing condition, endangering the health and welfare of the nation's soldiers, sailors and airmen. Congress must pass legislation allowing for the reduction of this excess capacity and utilize efficiency savings to improve currently-utilized but under-maintained facilities.

- **Encourage Federal Civilian Property Reform and Consolidation**

  There needs to be an effective mechanism in place for deciding which federal facilities are closed, which will be consolidated and what work is needed to improve federal facilities. Tens of thousands of underutilized or vacant federal facilities exist throughout the nation, costing taxpayers billions of dollars to maintain. In addition, past administrations have successfully implemented plans that have reduced overall federal agency space needs, leaving more space underutilized. As of 2010, 30 percent of all federal buildings – 77,000 structures – were either underused or vacant, costing taxpayers $1.66 billion annually.

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 federal government to significantly reduce its inventory of civilian real property to further reduce costs. The savings and new revenue from this program should be reinvested in future federal facility construction and renovation projects.

Rebuilding the Construction Workforce. Firms that build public infrastructure have seen less demand for their services and consequently have enough available capacity to meet increased demand for construction. However, President-elect Trump's focus on infrastructure creates a unique opportunity to reinvigorate career and technical education in this country and help recruit a new generation of workers into high-paying careers in construction. Doing so will help more young adults earn a salary that afford a middle class life and provide relief to a construction industry that is already coping with labor shortages in certain market segments.

- **Reform and Reinvigorate the Perkins Act**

  The Senate and the administration must work together to enact House-passed legislation that makes a number of reforms to the Carl D. Perkins Career & Technical Education Act – the primary federal funding vehicle for career and technical education programs. For example, the House-passed measure gives states increased flexibility to select and fund high-quality training programs in response to labor market needs. In addition, the legislation gives states increased autonomy to establish sector partnerships focused on promoting collaboration among secondary and post-secondary training programs. And the measure includes clear benchmarks for success.

  In addition, given the higher graduation rates of career and technical programs and expanding demand for construction jobs, Congress needs to boost funding for the Perkins Act. This additional flexibility and funding will make it easier for school districts to expand their career and technical program offerings. These programs should undergo an annual review to make sure they effectively matriculate participants into the next stage of their training, and ultimately into jobs.

- **Increase Funding Options for Education and Training**

  Federal spending on the Pell Grant program has increased in recent years, however there has been little change in the kinds of programs students can use their Pell grants for. Expanding the eligibility of Pell grants to "nontraditional postsecondary models" such as career and community college programs, would help close the skills gap and prove good paying jobs to students.

- **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, post-graduation employment and earnings – few government agencies make this information readily available. The administration 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 administration 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 college courses is a relatively easy and affordable way to expand career and technical offerings in many public school districts.

- **Encourage Private Funding for Craft Training Programs**

  The federal courts have long recognized an exception to the federal antitrust laws for craft training programs that are the product of collective bargaining. It has long been lawful for the members of a multiemployer bargaining unit to agree that each will contribute a certain amount per hour to fund such programs as long as their agreement is embodied in a collective bargaining agreement with an appropriate union. To meet the construction industry's future needs for craft training, open-shop contractors need to have the same option. Congress and the administration need to enact legislation that would expand the antitrust exemption to open-shop contractors, allowing them to enter into similar agreements among themselves to provide funding for craft training programs. Such a step would empower the construction industry to self-fund much more of the craft training that it requires, and reduce the need for public support.

- **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 addition, Congress should extend the Work Opportunity Tax Credit, which aids employers in hiring veterans, as well as individuals receiving disability rehabilitation and residents of empowerment zones and rural renewal counties. Also need to adjust apprenticeship rules to be aligned to with veterans' work experience so returning service members do not have to go backwards in their careers. In addition, more construction firms should take advantage of AGC-supported programs like Hiring our Heroes and Hard Hat Heroes that provide a vast array of services to help connect veterans with firms looking to add staff.

- **Enact Immigration Reform**

  Congress and the administration need to ensure that the millions of undocumented workers who have been participating in the domestic economy for years have a way to attain legal status. Congress and the administration should enact comprehensive immigration reform that provides such a path to legal status short of citizenship and allows for significantly more construction workers to enter the U.S.

- **Make It Easier to Establish Public Schools Focused on Career and Technical Education**

  A number of state and local governments have enacted legislation permitting charter schools and construction career academies to be put in place. In some of those areas AGC chapters have successfully partnered with education providers to establish construction-focused charter schools. These programs have proven to be successful. In Portland, Oregon, for example, a chapter-supported charter school program is proving extremely successful and popular. Unfortunately, many other jurisdictions either lack such enabling legislation or their measures are too restrictive to be effective. State and local officials must enact measures to allow the establishment of new charter schools. In addition, state and local officials should give local "traditional" public school leaders greater flexibility to establish career academies that focus on construction, like the San Antonio Construction Career Academy in Texas.

CONCLUSION

From lead lined water systems in central Pennsylvania, over-capacity highways in southern Nevada, aging transit systems in rust belt cities lining the Great Lakes, and inadequate energy pipelines 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.

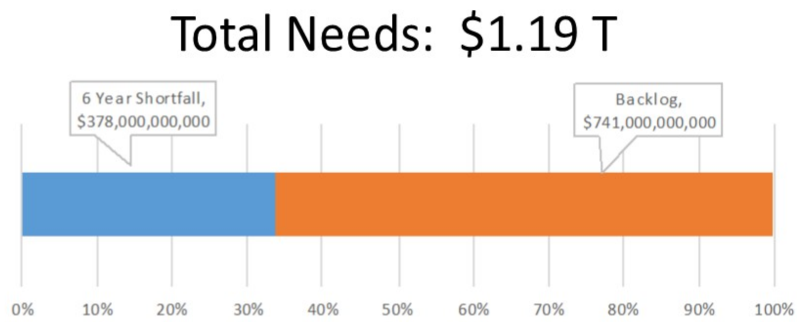
More significant than the immediate economic boost, however, will be the longer-term economic benefits these new investments deliver. Rebuilding aging bridges, expanding highway capacity, making our transit systems more reliable, upgrading our energy infrastructure and improving the safety of our water 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.

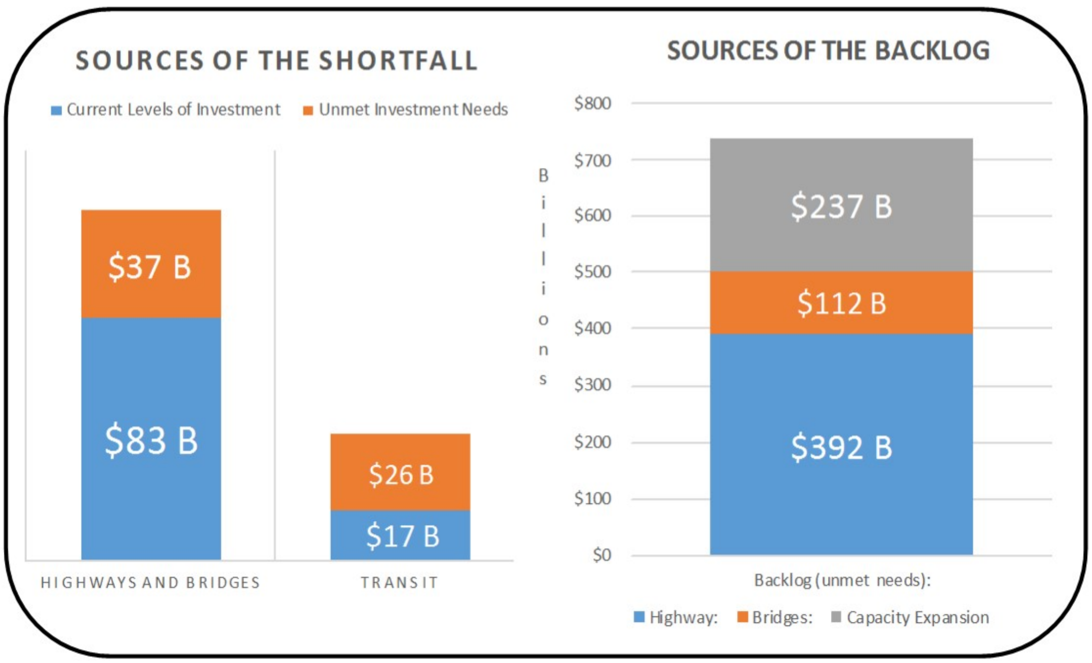
By giving the construction sector a starring role in his plans to rebuild America, President-elect Trump and his infrastructure program will help provide tens of thousands with high-paying, skilled jobs that can't be outsourced. These jobs will include skilled craft positions and other positions that 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

REVENUE OPTIONS FOR THE HIGHWAY TRUST FUND



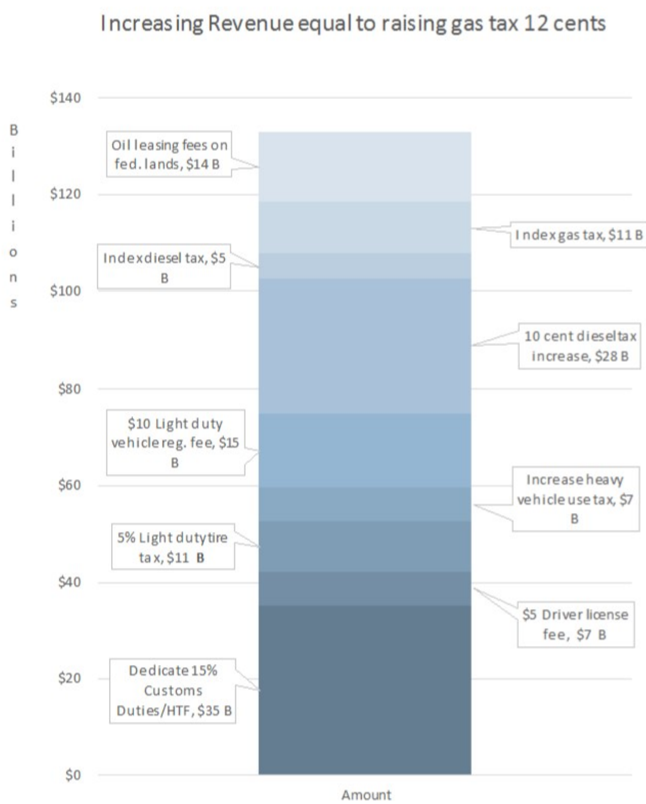


Existing Highway Trust Fund (HTF) levels are unable to support current levels of investment. The FAST act temporarily stabilized federal investment, supplementing an estimated $208 billion with an additional $70 Billion from the federal General Fund. However, this transfer dose not solve underlying solvency issues.

Although the FAST Act provides slight increases for the HTF, once FY 2021 begins on October 1, 2020, the gap between incoming HTF revenues and the amount needed to preserve surface transportation funding levels will average nearly $18 billion annually, compounding infrastructure problems.

Looking Forward: The Next 15 Years

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



Revenue Options:

The Gas Tax and Beyond

The options on the left represent a diverse range of revenue streams that *together* raise similar amounts of money as increasing the gas tax by 12 cents.

Increasing the federal motor tax by 12 cents would raise approximately $120 B, while instituting all 9 proposed revenue sources on the left would raise $133 B

A 12c raise in the gas tax, or all the measures listed here, increases funding slightly over levels provided by the FAST act. It does not, however, address meeting the backlog of transportation needs.

A full analysis of revenue projections and economic impacts of revenue sources can be found at:

http://downloads.transportation.org/TranspoRevenueMatrix2015.pdf

<u>2021-2036</u>

Once the FAST Act ends, Congress will need to look at next generation revenue options to fund growth that addresses actual system needs.

Potential Future Revenue Options:

- Distance Traveled Fee
- Energy Extraction Fee
- Energy Transmission Fee
- Freight Fee (such as container fee)
- Gas equivalent fee for electric vehicles
- LNG export fee
- Repatriation of corporate profits
- Per barrel oil fee
- Transit fee

Sources:

http://bottomline.transportation.org/Documents/Bottom%20Line%202015%20Executuve%20Version%20FINAL.pdf

http://downloads.transportation.org/TranspoRevenueMatrix2015.pdf