



A bold voice for transportation workers

November 14, 2011

The Honorable Patty Murray
Co-Chair
Joint Select Committee on Deficit Reduction
448 Russell Senate Office Building
Washington, DC 20510

The Honorable Jeb Hensarling
Co-Chair
Joint Select Committee on Deficit Reduction
129 Cannon House Office Building
Washington, DC 20515

Dear Senator Murray and Representative Hensarling:

As you lead the deliberations of the Joint Select Committee on Deficit Reduction, I am writing to urge you to adopt revenue and spending policies that will support our nation's transportation system and allow this sector to help drive our economic recovery. Specifically, I urge you to reject ill-advised proposals to roll-back federal investments in our transportation network and instead to embrace a massive expansion in these investments as they will create millions of jobs and produce a net gain in GDP at a time when the economy is suffering.

Let me first associate myself with the views of AFL-CIO President Rich Trumka who has presented a persuasive vision on why the jobs crisis, not the deficit, is the nation's most severe economic challenge. We cannot cut our way to prosperity as some would have the Committee believe. Without significant increases in jobs-creating transportation system investments the economy will falter, our businesses will become less competitive, millions of workers will remain on the sidelines and America will lose its standing in the world as the leader in the movement of goods and people. Moreover, some of the proposals considered by the Committee, such as cuts to programs that support seniors and the poor, taxes on the health care benefits of working people, or reforms that would undermine Federal and postal employees' benefits, must be rejected.

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Edward Wytkind, President / Larry I. Willis, Secretary-Treasurer



The Committee recommendations should focus on expansionary fiscal policies, not austerity measures, to achieve our long-term goal of deficit reduction. According to the Congressional Budget Office, if the economy were to perform up to its full potential (that is, if labor and capital resources were fully utilized) the deficit would decrease by a third in fiscal year 2012.¹ The positive effects of a healthy economy on the federal debt would be substantial over the next decade. Properly targeted investments in transportation and other infrastructure can form the foundation of efforts to boost economic output and job creation. It must be remembered that our failing infrastructure is costing American families and businesses \$130 billion a year.²

It is our sincere hope that as the Committee considers ways to reduce the federal deficit by \$1.2 trillion or more by 2021 it will reject the wrongheaded idea that budget cutting should include reductions in spending on mass transit, airports and air traffic control, rail, highways, ports, and maritime. Already, these investments have been neglected, which is why the most recent World Economic Forum report ranked US infrastructure an embarrassing 16th best in the world, down from 6th just a few years ago. America will not lead the 21st century if, as the World Economic Forum concluded, our aviation infrastructure is ranked 31st; our rail/transit infrastructure is ranked 20th; our highways are ranked 20th; and our port infrastructure is ranked 23rd.

These strategically critical investments are not occurring today as Congress fails to complete basic multi-year aviation and surface transportation reauthorization bills. The Committee would serve the nation well by including in its recommendations long-term, sustainable increases in these types of investments as they are a sure recipe for GDP growth (\$1.59 for every \$1 spent on infrastructure), higher tax revenues, and initiatives that will boost America's competitiveness. Further, this type of targeted spending is a proven tool for private and public sector job creation and it will close the dangerous investment gap that is ruining our economy.

There are a number of mechanisms for funding these priority investments. Our organization is of the view that without an increase in the federal fuel tax our surface transportation system will fail. This user fee hasn't been raised in nearly 20 years without even an adjustment for inflation. In reality our surface transportation trust fund is broken as it attempts to meet the nation's surface transportation needs on a 1993 budget.³ The inclusion of a fuel tax increase in a deficit reduction proposal is not new; in fact, the National Commission on Fiscal Responsibility and Reform proposed it just last year. Other proposals, such as a modest surcharge on millionaires and billionaires, reforming capital gains taxes, and a miniscule fee on financial transactions should all be considered as viable ways to raise revenues for our entire transportation system.

¹ Congressional Budget Office letter to Rep. Chris Van Hollen, October 4, 2011, www.cbo.gov/ftpdocs/124xx/doc12440/10-04-Portion_of_Deficit_Due_to_Cyclical_Weakness.pdf, accessed on November 4, 2011.

² American Society of Civil Engineers. *Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation Infrastructure* (2011) at 3.

³ The purchasing power of the gas tax has decreased by over 33% since 1993, and will continue to decrease as construction costs increase rapidly.

We urge you to reject revenue raising proposals that single out segments of the aviation sector with unfair tax increases that would threaten jobs. We are opposed to the Administration's proposal to create a \$100 per departure fee that would be tacked on to fuel taxes and other excise fees that are already paid by U.S. airlines. We are also opposed to dramatic increases in per passenger security fees. Aviation security must be a national priority supported by the federal government and targeting U.S. carriers for further contributions is simply not warranted. Finally, we oppose efforts to tax general aviation aircraft at a higher rate than other depreciable transportation assets. There is no policy justification for targeting one sector of our manufacturing base that has already seen the loss of 20,000 jobs since 2008. Surely a nation that already suffers from a tax code that disadvantages the middle-class and coddles millionaires and billionaires can find the resources to invest in jobs creating initiatives without harming industries that actually support good jobs right here in America.

The lack of a coherent funding mechanism is threatening not just our surface transportation system but our entire transportation network. Our aviation system has not seen long-term federal policy from Washington in five years which is delaying implementation of the "NextGen" air transportation system and idling much needed airport safety and infrastructure improvements. Currently the Federal Aviation Administration is operating under the 22nd extension of funding, making it impossible for the agency to implement vital aviation safety and infrastructure initiatives. Our mass transit systems are experiencing high ridership demand but facing budget crises that are forcing service and job cuts and fare hikes.⁴ Amtrak is facing record passenger loads but continues to suffer from chronic under-funding on its equipment and infrastructure upgrades.⁵ Our freight rail sector has the potential to solve many of the nation's transportation and logistics challenges but needs a coherent federal investment policy that allocates resources to strategic freight rail projects. With the more aggressive focus on increasing American exports, we must allocate billions for infrastructure expansion and dredging for our ports and navigation channels.

We also urge the Committee not to adopt proposals that would undermine and negatively impact the jobs and rights of federal employees. Federal employees are doing their part to lower government costs and already have made personal sacrifices due to a two-year pay freeze that will result in \$60 billion in savings over the next 10 years. Further cuts will only serve to significantly hinder the ability of the federal government to recruit and retain the most experienced and professional employees. Federal workers, whether at the Federal Aviation Administration, or elsewhere in the Department of Transportation and throughout our government, understand the notion of shared sacrifice but should not be expected to shoulder an unfair burden as it relates to deficit reduction.

⁴ In the first half of 2011, transit ridership was up 1.7%, according to the American Public Transportation Association. However, at the same time over 50% of transit agencies have already raised fares or cut service, and another 30% are considering doing so.

⁵ Amtrak carried 30.2 million passengers last year, an all-time record. It has set ridership records in eight of the last nine years.

It is our strongly held view that America stands at an economic crossroads. While Washington obsesses over federal deficits the American people are wondering why our elected government leaders are failing to invest in jobs and our economic future. It is inconceivable that America can lead the 21st century world with a transportation system and infrastructure ranked outside of the top 15. Our competitors abroad are outspending us dramatically on transportation for a simple reason: they understand that the global economic race will be won by nations that build the most modern and efficient freight and passenger transportation systems.

On behalf of the nation's several million transportation workers we urge you to resist budget-cutting approaches that will for years into the future mark this as the generation that oversaw the collapse of what once was the most modern, safe and efficient transportation system and infrastructure in the world.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Wytkind', with a stylized, cursive flourish.

Edward Wytkind
President

cc: Sen. Max Baucus (D-MT)
Rep. Xavier Becerra (D-CA)
Rep. Dave Camp (R-MI)
Rep. Jim Clyburn (D-SC)
Sen. John Kerry (D-MA)
Sen. Jon Kyl (R-AZ)
Sen. Rob Portman (R-OH)
Sen. Pat Toomey (R-PA)
Rep. Fred Upton (R-MI)
Rep. Chris Van Hollen (D-MD)