



**AMERICAN PUBLIC WORKS ASSOCIATION**

*Your Comprehensive Public Works Resource*

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# **Hearing on Investing in Infrastructure: The Road to Recovery**

**Statement of**

**Noel Thompson  
President**

**American Public Works Association**

**To the House Committee on  
Transportation & Infrastructure**

**October 29, 2008**

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Chairman Oberstar, Ranking Member Mica and Members of the House Transportation and Infrastructure Committee, thank you for the opportunity to submit testimony for this hearing on investing in infrastructure. My name is Noel Thompson, President of the American Public Works Association (APWA). I submit this statement today on behalf of the more than 29,500 public works professionals who are members of APWA, including our nearly 2,000 city, county, special district and other public agency members.

APWA is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, APWA members design, build, operate and maintain transportation, water supply and wastewater treatment systems, waste and refuse disposal systems, public buildings and grounds, and other structures and facilities essential to the economy and the American way of life.

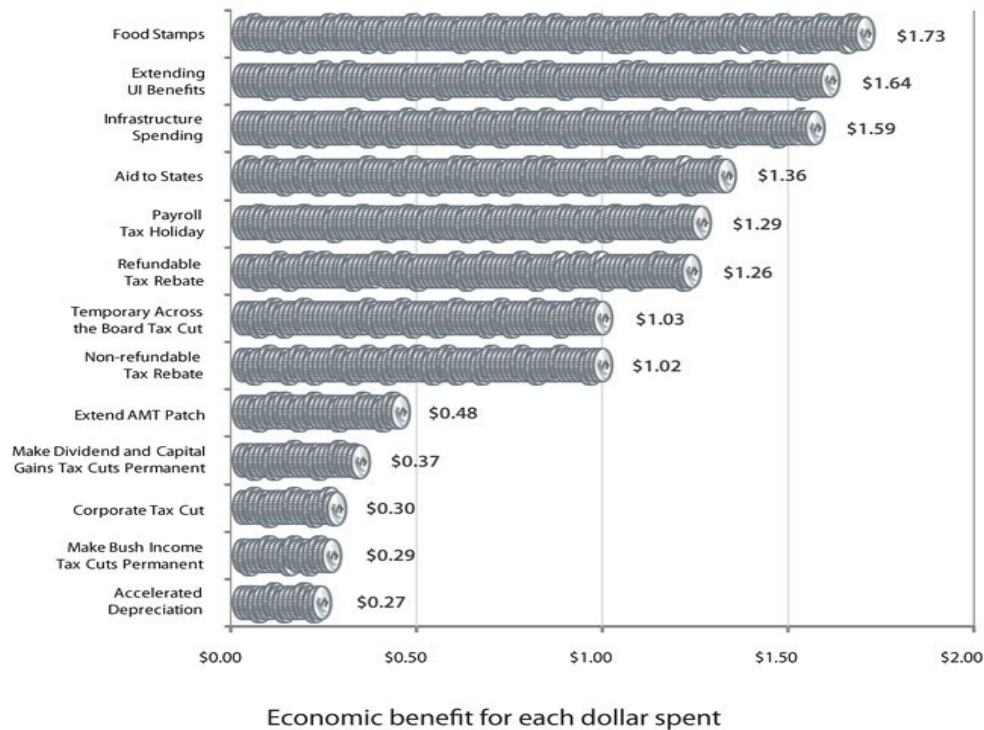
We welcome and commend the recent attention you have given to issues affecting 'Main Street' America. With our nation confronting the greatest economic crisis in decades, local governments – those responsible for the improvement and repair of America's 'Main Streets' – are finding it increasingly difficult to secure the necessary funding to repair and rebuild aging and deteriorating critical infrastructure in their communities. Despite increasing local commitments, the scale and the breadth of the nation's infrastructure needs are such that increased federal commitments are both urgent and necessary to support Main Street's future economic recovery and growth.

Our nation's current economic crisis requires a new fiscal policy that injects much needed investment at the local level. I urge you to consider a sound, robust federal investment program that directs funding to urgently needed infrastructure projects. An economic recovery package so designed will produce timely and effective results.

How? It is a fact that state and local governments have billions of dollars of backlogged infrastructure projects – transportation, water utility, environmental improvements – that are ready to go but lack immediate funding. These projects, if funded, will put people to work, generate orders for supplies and equipment and make improvements to key infrastructure assets that will continue to sustain economic growth in our communities for years to come. Targeting projects that have been approved, yet remain unfunded, such as road resurfacing, bridge repair, water treatment facility upgrades and pipe repairs, will create jobs, generate immediate economic activity and spur a multiplier effect.

As government spending is increased, it creates ripple benefits through the entire economy. According to Mark Zandi from Moody's Economy.com, each dollar of infrastructure spending could provide a \$1.59 boost to the economy, while each dollar of refundable tax rebates only boosts Gross Domestic Product by about \$1.26.

## Economic benefits of various stimulus provisions



Source: Mark Zandi from Moody's Economy.com

Tackling long-standing infrastructure needs would lower transportation costs and benefit water quality and the environment and ultimately add a much needed boost to the flagging economy.

Investment in public infrastructure projects is a proven way to boost the economy. Data show that every \$1 billion invested in transportation, for example, generates an estimated 37,000 good paying jobs and up to \$6 billion in additional gross domestic product. Increased investments in water and sewer projects are equally relevant. However, public infrastructure investment as a share of gross domestic product has steadily decreased for decades. A reversal of this trend can provide economic stimulus and build the foundation for long-term economic growth and sustainability.

The decades of chronic underinvestment in our nation's public infrastructure are jeopardizing public safety, our economic competitiveness and environmental quality. The nation cannot remain economically competitive with the rest of the world if our transportation systems are inadequate, our bridges are crumbling and our water systems are leaking and in need of repair and maintenance. Currently, local governments pay for over 95 percent of the investment in water infrastructure, and the federal share continues to be cut while the US Environmental Protection Agency routinely upgrades water quality standards imposing additional unfunded mandates on already strained local budgets.

Despite the best efforts of local government officials, the nation's infrastructure gap continues to grow while local budgets are faced with numerous competing needs. Our clean water infrastructure investment needs exceed \$400 billion. As a nation, we currently invest less than 40 percent of the \$225 billion to \$340 billion the National Surface Transportation Policy and Revenue Study Commission found is needed annually to bring our surface transportation network (roads, bridges, public transportation, freight

rail and intercity passenger rail) into good repair. The result of this underinvestment is diminished public health and safety and reduced productivity and competitiveness.

As you move forward, we urge you to include a robust investment in job-generating public infrastructure projects in any economic recovery proposals considered by Congress. The investment will serve as a much-needed catalyst for economic recovery and job creation in local communities and provide resources to reverse years of deferred maintenance and improvement that have cost Main Street jobs and economic opportunity.

As local governments struggle to find the resources to pay for essential community infrastructure projects (water, sewer, and transportation), billions of dollars of backlogged shovel-ready projects remain delayed because of funding shortfalls. Due to the severe problems in the domestic and global financial markets, local governments are finding it increasingly difficult to access the capital they need. Moreover, shrinking tax revenues within communities are further constraining local budgets.

A recovery plan that targets already approved yet unfunded projects, such as road resurfacing, bridge repairs, water facility upgrades and pipe repairs, will produce timely and effective results by generating jobs and orders for supplies and equipment, while making necessary and long overdue improvements to key infrastructure assets. These improved assets will continue to sustain economic growth in our communities for years to come.

Such investment will also help repair and improve the nation's deteriorating infrastructure, thereby improving safety, efficiency and economic competitiveness. Without a strong public infrastructure backbone, the nation's economy, local governments and Main Streets across the country will not have the capacity to support the movement of goods and services needed to revitalize communities and ultimately the economy. Addressing the financial challenges of local governments is just as important as addressing the challenges faced by the national financial institutions and Wall Street.

Infrastructure investment contributes to economic productivity by expanding economic growth of the locality, region, state and nation as a whole. For example, a new highway, allows for increased transportation of people, goods and services. More importantly, such investment does more by creating opportunities for new businesses to locate near the new road, providing additional jobs and output. Similarly, infrastructure investment also contributes to economic growth through expenditures associated with purchasing, installing, operating and maintaining the infrastructure itself. Additionally, strategic public investments in the economic backbone of the nation's economy – transportation, water and sewer systems - will spur the economy in the short-run and increase long-term economic growth. The sooner these investments are made, the sooner Main Street can start reaping the rewards.

Mr. Chairman and Ranking Member Mica, thank you for holding this hearing. We are especially grateful to you and Committee members for the opportunity to submit this statement. APWA stands ready to assist you and the Committee as we move forward toward economic recovery.