

**Pennsylvania Senate Transportation Committee**  
**Wednesday, August 21, 2013**

**Written Testimony**

**Written Testimony Submitted by:**

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Chairman Rafferty, and members of the Senate Transportation Committee, I would like to first thank you for the opportunity to testify today. My name is Richard Barcaskey and I am the Executive Director of the Constructors Association of Western Pennsylvania (CAWP). CAWP is a trade association representing over 200 heavy and highway construction and construction-related companies operating in the thirty-three counties of western Pennsylvania. CAWP contractors are engaged in the construction of the region's highways, bridges, tunnels, airport runways, dams, waste treatment facilities, site preparation and utilities installation.

I am also representing the Construction Legislative Council of Western Pennsylvania, a multi-discipline coalition of 13 construction industry organizations, representing the interests of thousands of contractors, architects, engineers, owners and material suppliers from western Pennsylvania. The CLC's mission is to present a unified voice in government regarding legislative matters of concern to the entire construction industry.

Sixteen years have passed since the Pennsylvania General Assembly passed a comprehensive transportation funding plan, and two summers have come and gone since Governor Corbett's Transportation Funding Advisory Commission recommended a \$2.7B plan with several funding options. These past two years have mostly been filled with inaction and rhetoric, but there have been bright spots; none brighter than the Senate's 45 to 5 bipartisan vote to support Senator Rafferty's \$2.5B comprehensive transportation plan. This is remarkable, not only because of the bipartisan support the bill received, but for the political leadership on the part of those who promoted and passed this legislation.

The inaction on transportation for this many years has not been because Pennsylvanians do not agree on the need to maintain and improve our roads and bridges. This fact is acknowledged by Democrats and Republicans alike, as well as

having been outlined in two state and two federal commissions. The missing component has been the political will to lead on an issue that involves raising user fees to pay to maintain and improve the Commonwealth's transportation network. CAWP commends Chairman Rafferty for his leadership on this issue, and the forty four other senators who voted for Senate Bill 1.

Unfortunately, the House was unable to follow suit and the month of June ended without the passage of a transportation funding bill. We find ourselves today contemplating the costs of doing nothing should the House not be able to pass a transportation funding bill this fall. The impacts will be dire to the state's economy, to the safety of the motoring public and to jobs.

The greatest impact to CAWP and CLC members will be in the area of job loss. Unfortunately, the term "lost jobs" has been used enough over the last few years that it's losing the human factor. Lost jobs impact real people with families to support, mortgages and rent to pay, and children to feed. The highway and bridge construction sector supports the equivalent of 166,199 full-time jobs in Pennsylvania, according to the U.S. Census Bureau. In 2012, PennDOT invested \$2.1 billion in new road and bridge construction contractors throughout Pennsylvania. Without additional funding, it is estimated that future funding levels will be reduced by twenty five percent to \$1.6 billion per year.

A recent study done by the American Road and Transportation Builders Association found that a cut of 25 percent in highway and bridge funding, and the sustaining of those cuts over a five year period, will result in the loss of 9,600 Pennsylvania jobs and cost the state \$1.25 billion in lost economic activity. That's more than just a statistic. That is 9,600 real people and their families who have to find new employment and figure out how to pay their day-to-day living costs, while facing the uncertainty of knowing exactly when they will find a sustainable income.

The jobs lost will not only be those of the heavy equipment operator that moves dirt, the construction laborer that lays pipe or the highway carpenter who builds our bridges.

Construction related industries such as material suppliers will be impacted since highway construction contractors will purchase fewer materials as the number of projects they have to bid on diminishes. Furthermore, the study found that more than half of the jobs lost would be in sectors other than highway construction. According to the report, nearly 1,000 lost jobs will be in the retail sector, with another 900 related to other administrative and professional services. Nearly eight percent of the job losses could be in the manufacturing sector, and the healthcare industry could lose over 600 – more Pennsylvanians forced to find other employment and deal with the reality of income uncertainty.

In addition to the loss of jobs, the study found that the following would occur if investments to transportation are cut by twenty-five percent:

- Overall economic activity in Pennsylvania would drop.
- The loss of 9,600 jobs would result in \$378.5 million in lost wages, and \$16.9 million in lost state tax revenue.
- Employment in the state's highway and bridge construction firms would drop 26 percent.
- Investments in capital equipment by highway and bridge construction firms would likely drop 70 percent below the pre-recession 2007 level.
- The time and cost of ultimately fixing the Commonwealth's 4,600 deficient bridges and 25-plus percent deficient road pavement will increase.

Obviously, the consequences of doing nothing are dire. All of this can be avoided with the passage of a comprehensive transportation funding plan. On behalf of the members of CAWP and the CLC, we echo the call of Chairman Rafferty – the time to act is now.

# A RECIPE FOR JOB LOSS & ECONOMIC CONTRACTION IN PENNSYLVANIA

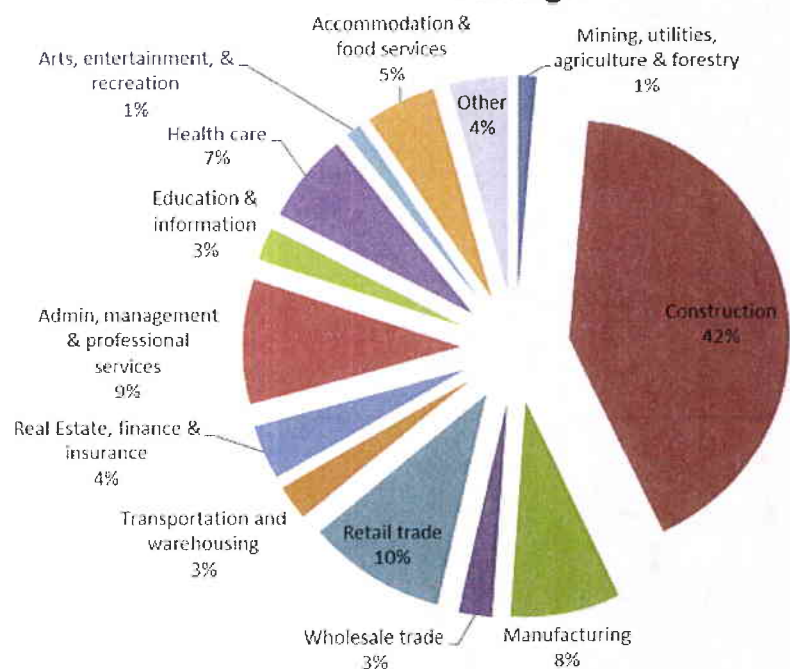
The Impact of a 25 Percent Cut in Pennsylvania's Highway & Bridge Investment Program

FEBRUARY 2013

In 2012, the Pennsylvania Department of Transportation (PennDOT) invested \$2.1 billion in new highway and bridge construction contracts for improvement projects throughout the Commonwealth. If that annual investment were to be cut by 25 percent—to \$1.6 billion per year—and sustained at that level annually thereafter, an economic analysis by the ARTBA Transportation Development Foundation (ARTBA-TDF) finds that over the next five years:

- Overall economic activity in Pennsylvania would drop by \$1.25 billion, reducing the state's wealth and competitiveness;
- Nearly 9,600 Pennsylvanians would be at risk of losing their current job, which could result in...
  - o \$378.5 million in lost wages
  - o \$16.9 million in lost state tax revenue

## Potential Job Losses Due To 25% Cut In PennDOT Lettings



This would include jobs across the economy—not only in construction, but in the retail, manufacturing, mining, tourism, health care and service sectors.

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- Investments in capital equipment by highway and bridge construction firms would likely drop 70 percent below the pre-recession 2007 level.
- The time and cost of ultimately fixing the Commonwealth's 4,600 deficient bridges and 25-plus percent deficient road pavement will increase.