

NEW JERSEY STATE AFL-CIO

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October 9, 2014

Dear Members of the Assembly Transportation Committee:

Re: Transportation Trust Fund Financing

The New Jersey State AFL-CIO would like to thank Chairman Wisniewski not only for holding today's hearing, but for his leadership for well over a decade on transportation issues vital to New Jersey.

Over the past several months, much has been said about the urgency of the issue before you today as well as the tremendous economic and job creation aspects of transportation infrastructure investment. And, for once, it appears that all the stakeholders and leaders from both parties are on the same page in regard seeking a solution and placing all options "on the table." Of all the doom and gloom surrounding the failures of both parties to responsibly act to replenish the TTF over the last two decades, finally, there is a sense that we are all now coming together to develop a solution.

As the new Commissioner, the Administration and the legislature work to develop a funding plan, we must address the elephant in the room – the gas tax. The State AFL-CIO has been a long time advocate of increasing this tax, and we continue to do so because realistically, it is the only solution to our problem. Many additional options are being discussed to raise revenue and of these options, some have merit and others do not. However, we recognize that we have dug ourselves too deep of a hole to escape from without raising the gas tax – in short, it is essential to solving this problem.

Other options are being discussed and the State AFL-CIO would like to comment on one in particular – the consolidation of toll roads, mass transit agencies and the DOT. On its surface, consolidation is popular with policy makers, but for those that have dealt with it directly, we understand how difficult it is to not only develop conceptually, but to implement. The State AFL-CIO has been grappling with this issue for over a decade in the context of legislation that applies to local governments, and was intimately involved in the legislative process restructuring higher education two years ago. No doubt, there is potential for savings, but we must first ensure that as we deliberate this option, that it is not done with a pre-determined outcome in mind, that it is not rushed through without being properly researched and this it is not done in order to solve one problem, while

creating several others. Any time there are large scale consolidation efforts, the potential for massive layoffs, the shredding of collective bargaining agreements, mismanagement of funds and a reduction in force to the level of inefficiency are real, inherent dangers. For this reason, before consolidation is factored into TTF funding, we must take the first step in researching to see if there would be a net positive to merging these agencies. To this end, we would recommend commissioning a study, to be performed by one of the state academic higher education institutions. We cannot merely rely on studies from consulting firms. Furthermore, we must not be tempted by savings estimates that focus only on the bottom line and not on the efficient delivery of services or effects on employees. The State AFL-CIO is not opposed to the concept of consolidation, but we first must perform due diligence to ensure we are not doing more harm than good.

As this issue moves forward, the New Jersey State AFL-CIO looks forward to working closely with you to develop a solution to address our infrastructure needs. Our business depend on it, our construction industry depends on it, our commuters depend on it, as does the overall economic well being of our region. We look forward to partnering with you to develop the solution.

Sincerely,



Charles Wowkanech
President



Laurel Brennan
Secretary-Treasurer

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Attachments (2)