

## **Testimony As Submitted**

**Donald M. James – Chairman and Chief Executive Officer  
Vulcan Materials Company**

**Hearing on**

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Mr. James: Thank you, Chairman Boxer and Ranking Member Inhofe for the opportunity to testify here today. I am Don James, Chairman and Chief Executive Officer of Vulcan Materials Company. Vulcan is the largest producer of construction aggregates in the nation, primarily crushed stone, sand and gravel, and a significant producer of asphalt mix, concrete and cement. Our products build highways, roads, bridges, and other large infrastructure projects in America. Through its economic, social and environmental contributions, aggregates production helps create sustainable communities and is essential to the quality of life Americans enjoy.

Vulcan Materials has been publicly traded on the New York Stock Exchange since our founding as a public company more than 50 years ago. We are an S&P 500 Index company. Vulcan employees and our more than 475 operations serve customers in 24 states and the District of Columbia

Vulcan has been named multiple times to *Fortune* magazine's list of the World's Most Admired Companies. Over the past decade, Vulcan has also been recognized twice as one of the Top 10 of all Fortune 1000 companies for Social Responsibility. During the same period, Vulcan has been named to Fortune's Top 10 list in two other categories, "Use of Corporate Assets" and "Long-Term Investment".

Today I am representing our employees and their families, our customers and our shareholders, regarding a matter of vital importance to us and the nation: namely the federal-aid highway and transit programs, and specifically the critical situation with respect to Fiscal Years 2012 and 2013.

At the outset, let me state our view that the highway and transit programs were not created by Congress for the purpose of providing jobs. Although they in fact do that in a very significant way, the real purpose of the programs is far bigger and more important: It is to provide the nation with transportation infrastructure that is essential to the efficient functioning of the U.S. economy. Transportation infrastructure is a basic and fundamental public good. Providing it, and properly maintaining and sustaining it, is a core federal responsibility. The lifeblood of the US economy flows through this transportation system. In funding it, Congress provides a critical public benefit that extends well beyond the completed construction project and the people who use it. Every person and business in the nation relies in countless ways on our transportation infrastructure. Our nation's economic competitiveness, our economy's growth and the creation of jobs year after year are directly correlated to the health and quality of our infrastructure. For example, our nation's roads and bridges move close to \$40 billion worth of goods daily, but could move significantly more were it not for traffic congestion – which costs our nation \$87 billion annually, according to the Texas Transportation Institute.

The construction sector of our economy that implements this core responsibility will be severely tested in FY 2012 and 2013. The downturn in the economy that began in the fall of 2008 has placed historic economic stress on the businesses that build and maintain our transportation system.

The sector continues to confront a unique set of persistent, negative trends. From the fall of 2008 to today, commercial and residential housing construction have reached historic lows. Short and medium term prospects for improvement remain bleak. From the peak of economic activity before the recession, aggregate volumes at Vulcan are down 50 percent and employment at Vulcan of approximately 11,000 employees has dropped by almost 30 percent. Transportation infrastructure construction is the one *somewhat* stable construction sector in the U.S. economy today. For our company and many other U.S. businesses, the annual federal funding apportionments for infrastructure have thus been a

critical source of economic activity, while at the same time enhancing economic activity nationwide.

Congress wisely chose to maintain the FY 2010 apportioned baseline for FY2011 for the federal transportation infrastructure programs even while reducing spending in other areas. As a result, many U.S. companies did not have to lay off even more employees as a direct result of cuts, and have been able to continue providing the public and economic benefits that transportation construction produces.

Throughout the recession we have of necessity reduced our workforce and have taken additional measures to size our company to match the economy. You face similar challenges to reduce the size of government. When we reduced our company's size and number of our employees, we had a deep obligation to preserve our company and position it for future growth. The cuts and lay-offs were painful but strategic – designed to ultimately make us a stronger and better company. If we ignored this core responsibility and cut arbitrarily we would have damaged our ability to grow, to re-hire employees, to survive and flourish again as a leading U.S. company.

In roughly 10 weeks the current authorization for the federal transportation infrastructure programs will expire as Fiscal Year 2012 begins. It is critical to determine now what size federal program is required to maintain and sustain the nation's transportation infrastructure in order to grow the economy. We strongly believe that FY 2012 and 2013 must at a minimum be funded on a bipartisan basis at the current law baseline in order to continue Congress' longstanding bipartisan commitment to this core responsibility.

Our sector is at a critical crossroads economically. I ask you to consider the great importance of prioritizing spending cuts in a way that preserves the nation's potential for economic growth at this critical time in our history. Your bipartisan decision on the baseline determines whether we can begin to climb out of recession and rebuild our workforces, or experience further decline and lose more employees during FY12 and 13.

But it is not just our sector of the economy that is at a crossroads. Our nation's ability to grow economically, to create jobs – to create additional taxpayers– will be subverted if we do not maintain the baseline. Using existing, accepted metrics, we can project the direct job losses that will occur if the federal transportation infrastructure programs are reduced in size to only the current revenue flowing into the Highway Trust Fund – a funding source last addressed by Congress in 1993. In our home state of Alabama the direct job loss will be more than 8,000 for FY2012. For the states represented by members of this Committee, the job loss in FY2012 will be over 140,000, and for all fifty states it will be well over 400,000 jobs lost. The Federal Highway Administration estimates the number of jobs lost at 490,000.

As bad as this is, the true calamity will occur in the ongoing national economic impairment for which there are few, if any, existing and accepted metrics. Our ability to produce and export U.S. products efficiently is directly tied to the quality of our highway infrastructure. Absent adequate funding, we will experience the corrosive consequences of competitive losses to China, to India, to the European Union, to Canada right next door, and to countries in South America, all of which continue to make strategic infrastructure investments – honing their competitiveness and national strength.

It will be prudent to avoid these consequences before they occur. Particularly in times such as today, bipartisan Congressional support will ensure the public good – transportation infrastructure – that enabled us to become the greatest economy in the world and which can preserve that status for future generations.