

**TESTIMONY OF SEAN McGARVEY  
PRESIDENT  
NORTH AMERICA'S BUILDING TRADES UNIONS  
BEFORE THE SENATE  
COMMITTEE ON ENERGY AND NATURAL RESOURCES  
JUNE 14, 2016**

It is an honor to join you today to discuss our nation's energy infrastructure. As many of you know, North America's Building Trades Unions is comprised of 14 national and international unions representing 3 million skilled craft professionals in the US and Canada. And on behalf of our members, I welcome the opportunity to explain how our value-based business model and our world class training capacity play an integral role in the construction and maintenance of oil and gas infrastructure. But our expertise and exposure to the energy industry does not end there. Building Trades members can be found working at extraction sites, power plants, carbon capture and sequestration facilities, and export facilities. Currently, we estimate that 50% of our membership is employed by energy-related industries.

I also want to take a moment to thank the members of this committee on both sides of the aisle who have voted to retain prevailing wage protections in the construction industry. By helping to safeguard these community standards, and promoting training, we are protecting and preserving some of the few remaining occupations that cannot be outsourced to foreign countries or decimated by "low-road" business models that are centered upon a low-wage, low-skill, easily exploitable workforce.

In any successful organization, labor or otherwise, being the best means setting high standards and maintaining and exceeding those standards. We harbor no illusions that our success is predicated on anything other than delivering the safest, most highly-trained and productive skilled craft workforce found anywhere in the world.

That is why our rank and file members and our signatory contractors collectively fund, to the tune of roughly one billion dollars a year, a nationwide network of 1,600 local joint labor-management apprenticeship training programs, or JATCs. They are regulated by the Department of Labor or State Apprenticeship councils and they are governed by a Board of Trustees made-up of equal numbers of contractors and labor representatives.

If the Building Trades training system, which includes both apprentice-level and journeyman-level training, was a degree granting college or university, it would be the largest degree granting college or university in the United States — over 5 times larger than Arizona State University. If it was a K-12 school district, it would be the fourth largest school district in the US, only behind New York, Los Angeles, and Chicago.

And there is no taxpayer money involved in this system. Our members contribute a portion of their hourly wage and contractors contribute out of their own pockets.

We are also successfully working with community leaders to leverage both public and private investments in capital construction projects to create structured career-training opportunities for historically underserved communities, such as women, minorities and veterans. Through these efforts, and others, we now boast 100 pre-apprenticeship programs to ready students for the academic and real world challenges of being a union apprentice.

Specific to the topic of today's hearing. I want to highlight the International Union of Operating Engineers Pipeline Training Fund.

Many of the work opportunities in the natural gas industry require specialization within the pipeline crafts. For example, most Operating Engineers run traditional heavy equipment – such as bulldozers, backhoes, cranes, and excavators. However, the pipeline industry has a unique set of skill requirements; and, the operating engineers maintain a robust training program in partnership with the Pipe Line Contractors Association to meet the industry's needs. For example, during the natural gas boom, the OE's developed new curriculum and coursework in directional drilling to add to their existing pipe bending and pipe lifting classes, maintenance and rehabilitation, and rock drilling classes. The IUOE currently offers more than 130 classes in different areas of the pipeline sector.

In real world terms, it means that in Right-to-Work states like South Dakota, specialized operating engineers average \$35 an hour. And that means, workers are able to provide for their families while receiving union-provided healthcare and pension benefits.

But it is not as easy as I make it sound. Every single energy project is subjected to years of regulatory and environmental study. And to be sure, pipeline infrastructure has failed to keep pace with increased production, which had caused several regions of the country to experience shortages and severe price spikes.

New England is a perfect example of how the lack of sufficient pipeline infrastructure can have adverse effects on both businesses and consumers. In 2000, only 15% of the New England's electric generation was from natural gas-fueled power plants. By 2015, that number was nearly 50%. But the pipelines needed to feed these plants with natural gas, presumably from the Marcellus region, had not kept pace.

It isn't for lack of trying. Less than two months ago, New York State denied the Constitution Pipeline after it had already received FERC approval and the company had been working with the state for three years to mitigate environmental concerns.

The permit denial will delay about 2,400 direct and indirect jobs that would be created during pipeline construction, generating \$130 million in labor income for the region. The decision could also cost local governments approximately \$13 million in annual property

tax revenue.

Other recent project delays, which have essentially put the pipeline industry into a tailspin, include:

- The Jordan Cove LNG export terminal and associated gas pipeline was rejected by FERC in March and then granted a re-hearing;
- In April, Kinder Morgan's withdrawal of their Northeast Energy Direct (NED) pipeline application with FERC due to opposition;
- NJ Department of Environmental Protection (NJDEP) review of the final section of the Transco Leidy Line is significantly delayed due to pending litigation;
- The Dakota Pipeline received a revocation of its permit from the US Fish and Wildlife service;
- The Rover Pipeline from the Marcellus region to the mid-west continues its lethargic approval process; and
- Dominion's Atlantic Coast Pipeline route has been rerouted a number of times to address concerns.

The bottom line is that pipelines are the safest mode of transporting natural gas, and the U.S. Department of Transportation (DOT) statistics show that underground pipelines transport natural gas far more safely than ships, railcars, or trucks. All of the major pipelines I listed above will employ the most advanced technology and monitoring systems to make it even safer with 24/7 safety measures, and regular pipeline maintenance plans.

To look at it from a different angle, there are three components to every pipeline project - Industry, Labor, and Government. Industry wants to grow, labor wants to create jobs, and the government wants safety and environmental concerns adequately addressed. But the third leg of this stool is proving to be an adversary, instead of an advocate of the first two. Comments out of this administration such as "eliminating the dash for gas" are only superseded by the lack of support for gas to back-up intermittent renewables, a less than ambitious support system for carbon capture and sequestration at power plants and industrial facilities, a virtual vendetta against hydraulic fracturing and enhanced oil recovery, and of course, the denial of Keystone XL. Our country cannot afford an energy policy that is all hat, no cattle.

North America's Building trades unions stand ready to work with this committee and Congress to find innovative funding mechanisms, sensible regulations and a collaborative tripartite relationship between government, labor, and industry to bolster America's leadership in the energy industry and put a floor under the middle class while creating millions of jobs.

Madame Chairwoman, while we talk about the various components of an energy project, we cannot neglect to mention in the impacts on the local community. Many of our small communities across the country welcome infrastructure investment. In just the

pipeline industry alone, we are talking about 800,000 jobs. The income from these jobs goes directly to our members and local training programs, and in turn this supports the tax base of Main Street and those seeking employment in the construction industry. This is truly how we can invest in America without spending a single federal dollar.

But programs like ours must have market certainty. Without a synergistic relationship between industry, labor and government, we cannot prepare for future demands. Our model is based on seamless cooperation to move projects forward at the federal, state, and local levels.

Workforce development is something we take very seriously. So when redundant regulations and politically-motivated lawsuits funded by billionaire environmental advocates are aimed squarely at killing projects, it hinders our ability to create jobs and prepare the next generation of construction workers for tomorrow.

Thank you for your invitation and the opportunity to express my views here today.