Transportation Infrastructure Essential for Texas' Future Economic Success

*Note - Gov. Perry frequently departs from prepared remarks.

Tuesday, October 14, 2008

Thank you, Tracy [Schieffer, 2008 AGC President] for that kind introduction and congratulations on your selection to lead this group.

As I look out across this room today, I see people who are leaders, folks who have worked their way up the ladder, starting on job sites, leading crews, solving problems on the spot. You are people who get things done. Your companies create jobs for Texans, not only when you do the hiring, but also when you build infrastructure that allows businesses to get things done.

Over the past couple years, Texas has signed billions of dollars worth of road construction contracts, that will lead to miles of new roads that we most definitely need here in Texas.

As you know, time spent in traffic equals lost dollars for businesses, and lost time for families to spend together. As our state population continues growing by more than 1,000 people per day, and businesses continue to seek their fortune in Texas, we need to keep expanding and improving our transportation infrastructure.

Despite the turmoil in our national economy, the things that have been attracting businesses to Texas haven't changed. Given a choice, most business leaders will choose a place with low taxes, predictable regulations and a legal system that won't allow frivolous lawsuits to drive them out of business. In other words, a place like Texas.
That’s not to say our state is immune to the upheaval on Wall Street. As strong as it is, the Texas economy is interconnected with the economies of other states and nations, so a ripple effect is unavoidable. So whether you lead a business, an agency or a state, we all need to stay ahead of those effects by tightening our belts and battening down the hatches as we ride out the storm.

This is nothing new to those of you in the private sector: you all have overhead, you all have business plans, you all use credit to one degree or another, so you know that the challenges being discussed on the news shows are very, very real.

Chances are your industry isn’t in line for a multi-billion dollar bailout. So you have to work harder and smarter than the other guy, to get the business you need to pay your bills, create jobs, and feed your families. You understand competition and know from experience that there are no free rides in the real world.

You built your company by winning business by providing services whose quality and cost are better than the other bidders. We’re trying to spread that same mindset across our state, to make Texas the most competitive state around.

Our economy is getting increasingly more global or, as Thomas Friedman of the New York Times would tell you, the earth is getting even flatter all the time. Not only do Texas companies compete with each other, they’re going head-to-head with businesses all over the world, whether that’s making microchips or building roads.

I wholeheartedly believe that competition is good. Knowing you’ll be judged on the quality of your product or service, compared straight-up with another person, team or company, brings out the best effort and results.

I recently accepted a report from our state’s Competitiveness Council that contained some great perspectives on our competitive position and a set of recommendations for us to consider. This group of leaders from the public and private sectors took a long look at the obstacles to our state’s ability to compete, and had some especially valuable insights on our future prospects.

They reported that our transportation infrastructure is increasingly overwhelmed by the number of vehicles, leading to increased traffic, delays in deliveries and increased wear on our roadways. If we are to remain competitive, we need to reduce congestion by increasing the capacity of our transportation system and maintaining its high quality. Unfortunately, we have not dedicated the necessary resources to accomplish this goal in the past.

We have work to do. We must find adequate and stable funding for new construction and maintenance. I’m still not sure who coined the term “freeway,” but there’s just no such thing. The necessary funding increases should come from a variety of sources, and I am pleased to say that the Lieutenant Governor, the Speaker and I are on the same page with this issue.

For starters, we must end the diversions from the state highway fund. We need to make sure that all of the dollars we’re collecting for road construction are used for that exact purpose. As you may know, the Texas Department of Public Safety is currently funded by gas tax dollars to the tune of $600 million per year. That needs to change.

In this next legislative session, we will press for DPS to be funded out of the general budget so that we can free up that $1.2 billion or so for roads. As we pursue other funding sources, we also need to invite private money and innovation into the equation. I hope the Legislature will create a Transportation Finance Corporation so that Texas-based investment funds can invest directly in Texas transportation projects.

Then, as we get the funding lined up, we need to make sure that we are getting the best value for our money. That’s
why I agree with the Competitiveness Council's recommendation to continue pursuing the CDA approach to road construction. I believe that comprehensive development agreements give us the best shot at delivering roads efficiently and competitively.

CDAs allow for engineers and construction firms to work hand in hand to efficiently deliver transportation projects by leveraging private sector ingenuity, therefore, providing better value for the Texas taxpayer. Our desired end result is to provide the best possible infrastructure that allows the state to compete for new business.

This infrastructure helps Texas companies outdo their peers in the marketplace because they can move their products, people and services most efficiently. A well-funded transportation strategy, applied in a competitive climate is our best bet for getting there.

I appreciate the important role that the members of the Associated General Contractors play in the Texas economy and the work you do to make it prosper.

Working together, I'm confident that we can keep Texas on the cutting edge, the envy of the nation in the years to come.