

TO: National Association of Manufacturers, Building America’s Future Educational Fund

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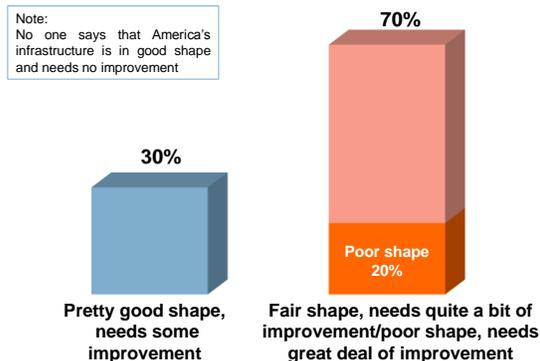
RE: Key Findings From Online Survey

The following memorandum highlights the findings of a survey conducted among 401 members of the National Association of Manufacturers (NAM) from May 29 to June 28, 2013. While online surveys are not sampled surveys, a comparable sampled survey of this size would have a statistical margin of sampling error of ±4.89 percentage points.

America’s infrastructure is not improving at a pace to keep up with the needs of businesses. NAM members agree that a strong national infrastructure is critical for American business, particularly for manufacturing. In order for businesses to remain competitive both at home and abroad, infrastructure must improve at a pace to keep up with their needs, but most NAM members believe that the United States is falling behind in achieving this goal. Members would like to see improvement in the quality and capacity of all infrastructure systems, but especially in roads, which they see as essential to the success of the manufacturing industry. They understand that this investment will cost money, and many are open to putting all options on the table for new revenue so long as they have assurances that the money is spent wisely.

Two-thirds of manufacturers say that America’s infrastructure is in fair or poor shape and needs improvement.

Assessment Of America’s Infrastructure



A 70% majority of members believe that America’s infrastructure needs either “quite a bit of improvement” or “a great deal of improvement,” while 30% think America’s infrastructure is in pretty good shape and needs some improvement. It is important to note that no respondents say America’s infrastructure is in good shape and needs no improvement.

All members think the infrastructure system could be improved in some way and that this improvement is critical to the success of their business.

Of the eight different types of national infrastructure (communications, water/wastewater, aviation, rail, energy, ocean/water, mass transit/bus transportation, and roads), not a single one is seen by a majority as improving at a pace to keep up with the needs of businesses. Manufacturers are rating the quality and capacity of such infrastructure systems as rail, aviation, ports and navigation channels, electrical systems, and even drinking water and wastewater as insufficient to keep up with business needs.

"In many parts of the country, our roads need a lot of work. Our ports need a huge amount work, especially if you're exporting. Our air needs a real good look in terms of regulations and safety...The grid needs a lot of work...The amount of money and time that is lost [when the power goes out] is ridiculous."

CEO, Industrial Equipment Manufacturer

"It's neglected, and it's soon [going] to be a competitive disadvantage [for the country]...compared to developed and developing nations."

CEO, Transportation Construction Manufacturer

No Infrastructure Systems Are Improving At A Pace To Keep Up With The Needs Of Businesses

	Improving At A Pace To Keep Up With The Needs Of Business %	Improving Somewhat %	Neither Improving Nor Getting Worse %	Getting Somewhat Worse %	Getting Much Worse %	No Answer %
Communications (information, Internet, telephone, data, spectrum)	34	52	9	3	1	1
Water/wastewater (drinking water/sewer)	7	23	42	20	4	4
Aviation (airports, air traffic control)	6	23	33	29	7	2
Rail (freight, passenger, rails, rolling stock)	5	20	34	17	4	20
Energy (electrical grid, pipelines, refining capacity, power production)	3	23	30	34	8	2
Ocean/water (ports, navigation channels, rivers)	2	17	30	13	5	33
Mass transit/bus transportation	2	14	40	21	7	16
Road (highways, bridges/tunnels, for freight, travel, commuting)	1	9	20	45	25	-

Communications infrastructure fares better than any other system, but still only 34% of members believe it to be improving enough to keep up with their needs. Only 1% of respondents see the nation's roads as improving at a pace to keep up with the needs of business, and just 10% see roadways improving at all. A 70% majority of manufacturers believe the nation's roads are deteriorating. This is important because 89% of members say that roads are the primary mode of transportation their company uses to ship or receive goods.

"A major investment in infrastructure—specifically road, rail, seaports, and energy—is needed and could help build, rebuild, or strengthen American manufacturers' competitive advantage over foreign competition. When you look at the opportunities to improve and attract from competitor nations, it gets down to things like the quality of the road system."

EVP, Transportation Manufacturing Co.

"Nearly all agree that American infrastructure is not as good as it has been and, perhaps more importantly, not as good as it could be. I know that almost everywhere in the country we have problems repairing our roads."

CEO, Shipping and Transportation

The deterioration of our transportation infrastructure, and the threat that deterioration poses to competitiveness, is a strong reason to invest in infrastructure. There is widespread agreement that a strong and seamless national infrastructure is critical to American business in general and manufacturing in particular, and that the United States is falling behind in achieving this goal. Manufacturers identify infrastructure as being of critical importance to their business, as necessary to receive inputs and ship products domestically or overseas. Their concerns are nearly as much about the opportunity for future advantage as they are about the threat of the imminent collapse of a critical piece of infrastructure.

When asked to select the most compelling reason to invest in transportation infrastructure from a list of reasons, about half (49%) of manufacturers say "our infrastructure is aging and deteriorating," and 27% say "it is critical to increasing global competitiveness." No other reasons are selected by more than 5%, and only 5% say "none of these are important reasons."

NAM members may be willing to pay more in taxes, tolls, and fees, but need assurances first.

Most NAM members understand that new investment will cost money, and many are open to new revenue in the form of user fees. Manufacturers are not eager to pay new taxes, tolls, or user

"Whether it's a gas tax or toll roads, so the people who are using them pay more, those options need to be explored. The same thing applies with airports. I hate seeing more small taxes here and there, but we need to have a way to pay for the investments and the improvements."

CEO, Industrial Equipment Manufacturer

"I don't think it has to be a dramatic increase; it could be a gas tax, airport tax, etc. It can't be excessive; it has to be at the margin."

CEO, Transportation Construction Manufacturer

fees, and they have their doubts about how the money would be used, but if they have assurances that the money would be well spent, they are willing to see some increased expenses. Just 7% see infrastructure as such an important priority that they are extremely willing to pay for improvements, but 54% of respondents say they are potentially willing to support tax, toll, and fee increases if they have assurances that increased expenses will go toward specific

improvements. Just 37% say their companies cannot afford increases in taxes and other fees.

A majority of NAM members say that infrastructure is so important that all options to fund it should be on the table.

Given a choice between two statements (as well as an option to select neither), two-thirds (67%) of NAM members say that investments in maintenance and

67% of NAM members believe that infrastructure is so important that all options to fund it should be on the table.

With which one of the following statements do you agree more?

Infrastructure is important to American businesses and manufacturing. Investments in maintenance and infrastructure are needed, and all options to fund this should be on the table



While improvements to infrastructure would help, the economic gains made from infrastructure investment do not outweigh the costs to individuals and businesses in increased taxes and fees



infrastructure are needed to manage and improve the quality of American infrastructure, while 28% say that "While improvements to infrastructure would help, the economic gains made from infrastructure investment do not outweigh the costs to individuals and businesses in increased taxes and fees."

U.S. infrastructure is not positioned to respond to future competitive demands. Just 25% of members believe the U.S. infrastructure, especially that in their region, is positioned to respond to the competitive demands of a

65% do not believe U.S. infrastructure is positioned to respond to future competitive demands.

The current state of our U.S. infrastructure, and especially infrastructure in my region:

Is positioned to respond to the competitive demands of a growing economy over the next 10 to 15 years



Is NOT positioned to respond to the competitive demands of a growing economy over the next 10 to 15 years



No answer



growing economy over the next 10 to 15 years. A 65% majority say they do not believe the current state of U.S. infrastructure is positioned to respond to the competitive demands of a growing economy over the next 10 to 15 years.

NAM members place great importance on the quality and capacity of America's national infrastructure, especially

on roads, and few are confident that their companies can achieve their full potential and compete in a global market unless there are major and continuous improvements to the U.S. national infrastructure systems.