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March 15, 2011 **(703) 459-0238; turmailb@agc.org**

PLAN TO REVIVE CONSTRUCTION INDUSTRY RELEASED BY TRADE GROUP AS SECTOR LOST JOBS IN 317 OUT OF 337 METRO AREAS DURING DOWNTURN

Associated General Contractors of America Outlines Measures to Boost Private and Public Construction Activity, Releases New Analysis of Construction Jobs Lost Since January 2007

PHOENIX – The Associated General Contractors of America released a new national plan today detailing measures to stimulate demand for construction. Officials said the plan was needed to reverse construction employment declines that have taken place in 317 out of 337 metro areas since January 2007, according to new data the association released today.

"Our goal is to rebuild a devastated construction market that has left millions jobless, littered cities with incomplete projects and sapped much needed revenue, commerce and customers out of our economy," said Stephen E. Sandherr, the association's chief executive officer. "Considering the scope and impact of construction job losses, the last thing any of us can afford is a repeat of the past four years."

The plan, called "Building a Stronger Future, A New Blueprint for Economic Growth," outlines measures to help boost private sector demand for construction, help tackle a growing infrastructure maintenance backlog and reduce needless red tape and regulations. Sandherr said the association developed the plan to overcome the years-long construction downturn that has left over 2.2 million construction workers unemployed and the industry's unemployment rate at 21.8 percent, more than twice the national average.

Sandherr released the plan and the new employment figures, during a visit to Phoenix, Arizona, which has lost more construction jobs – 91,400 – than any other metro area since the start of the construction downturn in January 2007, a 54 percent decline. Nationwide, 28 cities lost 50 percent or more of their construction jobs, including Boise, Idaho; Fort Lauderdale, Florida; Medford, Oregon; and Merced, California, Sandherr noted.

The metro areas that lost the most construction jobs during the past four years, besides Phoenix, included Las Vegas (-61,900 jobs, -61 percent); Riverside-San Bernardino-Ontario, California (-57,700 jobs, -51 percent); the Atlanta area (-57,700 jobs, -42 percent); and the Los Angeles area (-56,200 jobs, -37 percent).

Lake Havasu City-Kingman, Arizona (-65 percent, -4,200 jobs) and Bend, Oregon (-65 percent, -5,200 jobs) lost the highest percentage of construction jobs of any metro area. They were followed by St. George, Utah (-62 percent, -5,200 jobs); Las Vegas; and Naples, Florida (-61 percent, -13,700 jobs).

Only 14 metro areas added construction jobs during the past four years, while employment levels were unchanged in another six. The five metro areas with the largest construction employment gains were all in Texas: Beaumont-Port Arthur (3,400 jobs, 21 percent); Longview (3,100 jobs, 26 percent); Midland (2,100 jobs, 15 percent); El Paso (1,900 jobs, 14 percent); and Odessa (1,800 jobs, 17 percent).

Pascagoula, Mississippi experienced the highest percentage increase in construction employment (47 percent, 1,600 jobs) during the past four years. Other metro areas adding a high percentage of construction jobs included Longview; Beaumont-Port Arthur; Lawton, Oklahoma (20 percent, 300 jobs); and Odessa.

“In too many metro areas, the construction industry is a mere shadow of what it was just four years ago,” said Ken Simonson, the association’s chief economist, who prepared the new employment analysis. “This new data should make it pretty clear that the sector’s revival is anything but guaranteed.”

Sandherr said the recovery plan emphasizes boosting private sector demand, which once accounted for 76 percent of all construction activity, but now accounts for only 60 percent. It calls for approving pending trade agreements to boost demand for manufacturing and shipping facilities, repealing the alternative minimum tax and making permanent the tax cuts that were first put in place in 2001 and 2003.

The plan also identifies new tax credits to encourage retail and restaurant upgrades, improve the efficiency of commercial buildings and help contractors invest in new, more efficient construction equipment. And it urges Congress and the Administration to finally end the double taxation of U.S-based businesses that succeed in international markets.

Sandherr noted the plan includes measures to tackle infrastructure problems that cost American businesses an estimated $100 billion a year due to delays and lost productivity. It calls for significant reforms to federal surface, aviation and waterways programs. And it urges federal officials to refocus on efforts that are clearly in the national interest, streamline the years-long federal review process, and find new ways to leverage private sector dollars.

Sandherr added that the plan also includes comprehensive measures to reduce costly, time consuming and needless regulatory burdens. It calls on Congress to pass legislation limiting major new regulations, reform the approval process for new highway and transit projects and oppose well-meaning labor and Buy American mandates that do little to create new jobs and a lot to add costs and delay work.

The plan also highlights the need to repeal a costly new mandate set to begin next year that requires governments at all levels to withhold three percent of the cost of virtually all major construction projects from contractors. “For an industry where most firms are lucky to make three percent in profit on a project, this new mandate will either put a lot of people out of work or needlessly inflate the cost of public construction,” Sandherr cautioned.

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