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RECOVERY PLAN MEDIA CALL REMARKS
Stephen E. Sandherr
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Good morning everyone and thank you for joining us. My name is Stephen Sandherr, and I am the chief executive officer of the Associated General Contractors of America. I am joining you this morning from Phoenix, Arizona, which as you are about to learn is one of the places most affected by a four-year long construction downturn that has driven down construction spending by nearly 400 billion dollars, a 34 percent drop.

Indeed, a new analysis of metro area construction employment figures we are releasing this morning shows that this city has lost more construction jobs – 91,400 – than any other city since January 2007 and the beginning of the construction downturn. Meanwhile, Lake Havasu City-Kingman, Arizona and Bend, Oregon lost a higher percentage of construction jobs – 65 percent – than another other city.

Unfortunately, cities like Phoenix and Bend are not alone. Our new data shows that 317 out of 337 cities lost construction jobs since 2007. A staggering 28 cities lost more than half of their construction jobs, including Las Vegas, Nevada; Fort Lauderdale, Florida; Boise, Idaho; Medford, Oregon and Redding California. In too many of our cities, the construction industry today is just a mere shadow of what it was in at the start of 2007. Meanwhile, only 14 cities added construction jobs during the past four years while construction employment remained unchanged in another 6.

These staggering job losses have left over 2.2 million construction workers unemployed and driven the industry’s unemployment rate to 21.8 percent, more than twice the national average. Indeed, despite representing only five percent of the total workforce, the construction industry has accounted for 20 percent of the jobs lost over the past four years.

The industry’s problems aren’t just affecting construction workers. Communities are reeling from the impact of thousands of unemployed construction workers. Dealers aren’t selling forklifts or sheet rock or plywood. Manufactures aren’t getting orders for construction equipment, steel rebar and other essential supplies. And the economy isn’t growing like it would if the construction industry was expanding, instead of shrinking.

That is why the Associated General Contractors of America has crafted a new comprehensive plan to rebuild the construction industry. This plan, called Building a Stronger Future: A New Blueprint for Economic Growth, identifies a series of measures that federal leaders can and should take to help boost private sector demand, tackle our infrastructure debt and significantly ease regulatory burdens that add time and costs to too many projects.

Our top priority is finding ways to boost private sector demand, which once accounted for 76 percent of all construction activity, but now accounts for only 60 percent. The best way to successfully jumpstart privately-funded construction projects is to put in place pro-growth economic policies.

That is why we call for approving pending trade agreements that will 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. And we identify new tax credits designed to encourage retail and restaurant upgrades, improve the efficiency of commercial buildings and get contractors to invest in new, more efficient construction equipment.

And we call on Congress and the Administration to finally end the double taxation of U.S-based businesses that succeed in international markets. If we made it easier for businesses to invest their overseas profits at home, new plants like the one Intel is planning here in Phoenix would be the rule, instead of the exception.

Of course, the private sector can't grow when businesses are losing nearly 100 billion dollars a year to the delays and lost productivity that come with our aging national infrastructure. The problem isn't just a lack of money, it is that too many of our federal infrastructure programs have lost focus. Can anyone blame taxpayers for resisting higher gas taxes when their money is being used to finance transportation museums, bridges to nowhere and duplicative government agencies and programs?

That is why we call for significant reforms to federal surface, aviation and waterways programs. We need to refocus on fixing infrastructure that is clearly in the national interest, streamline the years-long federal review process, and find new ways to leverage private sector dollars. Only if we do that can we expect taxpayers to trust government to tackle what is now a two trillion dollar infrastructure debt.

But make no mistake, the longer we wait to tackle our growing infrastructure challenges, the more taxpayers will have to pay. After all, it is a lot less expensive to maintain roads and waterways, bridges and sewer systems than it is to fix them once they break.

Of course, any serious effort to improve the economy and boost private sector demand for construction must include a comprehensive effort to reduce costly, time consuming and needless regulatory burdens. So we call 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.

We also call for the repeal of a costly new mandate set to begin next year that would require governments at all levels to withhold 3 percent of the cost of virtually all major construction projects from contractors. For an industry where most firms are lucky to make 3 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 as contractors are forced to raise bid levels.

Some out there might argue that a plan like this isn't needed and that the construction industry will recover on its own. But our new data makes it clear that the sector's revival is anything but guaranteed. And when you look at what too many cities across the country have been through, the last thing any of us can afford is a repeat of the past four years.

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.

Now before we open things up for questions, I would like to introduce the other folks we have with us on the phone. Joining us from Arlington, Virginia is AGC's chief economist, Ken Simonson. And from Houston, Texas, we have Bob Lanham, who is a vice president with Williams Brothers Construction. And here with me in the room is Gary Haydon, president of Haydon Building Corporation and chairman of the Arizona Chapter of AGC. We've also got Mark Minter, the executive director of the Arizona Builders' Alliance, our other Arizona chapter whose members primarily focus on what we call vertical construction.

They are all here to help answer your questions, providing either their economic insight or observations of the daily market conditions our contractors face daily. Now let's open things up to questions….

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