

January 8, 2009

President-elect Barack Obama
451 6th Street, NW
Washington, DC 20001

Dear Mr. President-elect:

On behalf of the building design and construction industry, we are writing to express our appreciation of your support for an economic recovery program that would provide good paying jobs at prevailing wages through federal investment in our nation's infrastructure.

In a strong economy, the construction industry employs more than 7 million people and represents more than \$1 trillion annually in economic activity, including \$500 billion in materials and supplies and \$36 billion in new equipment. With additional investment, the industry will create jobs, contribute to economic recovery, and build a world class infrastructure to improve the nation's overall quality of life, improve energy efficiency, provide long term economic stability, and maintain U.S. competitiveness.

As you prepare an economic recovery package that includes an infrastructure component, we ask you not to overlook building construction, alterations, and repairs in the definition of "infrastructure." In order to ensure these investments successfully stimulate economic recovery—we propose three criteria by which to gauge a project's eligibility: 1) the project must provide long-term economic benefits to the community; 2) the project must be able to be put out to bid quickly and projects that have been awarded but stalled due to lack of funding should be allowed to proceed; and 3) the project must create and/or sustain jobs.

Economists report that the construction industry has experienced a downturn and may further contract by as much as 10-15 percent over the next year. Construction employment peaked in September 2006 and has steadily decreased over the past 27 months. One-in-ten construction workers (780,000 workers) have been idled since the peak. Swift enactment of an infrastructure spending package would enable these skilled workers a chance to work again.

Broader Economic Impact

This decline in the construction market also has broader implications for the economy—for equipment manufacturers and dealers, materials suppliers, and service providers. Our member companies have been forced to shelve or trim down plans for expansion and reduce their usual annual investment in equipment. Companies have already canceled some planned purchases for next year and are putting many others on hold until they see what funding is going to be available for new work. In fact, the Census Bureau reported on November 4 that factory orders fell 2.5 percent, seasonally adjusted, in September and 4.3 percent in August. This suggests that economic uncertainty is causing businesses to refrain from making new purchases.

Infrastructure Investment Opportunities

An infusion of federal infrastructure funding will put more contractors and their employees back to work. There is an estimated \$1.6 trillion needed to improve our nation's infrastructure over the next five years. In an increasingly connected world, our decaying infrastructure threatens the competitiveness of American employers, from our multinational manufacturers to the small businesses that are the bedrock of our communities. Infrastructure stimulus legislation would begin to address these challenges to America's global competitiveness and provide a solid foundation for the U.S. economy to flourish in the years ahead.

Building Infrastructure – Public Buildings, Schools, Federal Facilities

According to the General Services Administration (GSA), if additional federal funds were made available, ready-to-go projects would include major repairs and alteration projects to modernize and upgrade aging federal facilities nationwide, including federal office buildings, courthouses, and border stations. GSA requires approximately \$2.2 billion in funding for 34 major renovation projects, 500 small renovation projects and 4 border stations that can be obligated in between 90 to 180 days. We estimate that this investment would create or sustain nearly 50,000 direct and indirect jobs.

Other federal facilities that require substantial investment include military housing, prisons, courthouses, embassies, border stations and other structures. Federal construction agencies that perform such work include the Army Corps of Engineers, Naval Facilities Command, General Services Administration, the Departments of Defense, State, Housing and Urban Development, Veterans Affairs, Justice, Agriculture and the Interior. All have construction backlogs for which additional funding would create immediate construction employment opportunities.

State and local agencies that receive federal infrastructure grant funding should also be included. Documented needs for school construction nationally exceed \$200 billion with billions of dollars of projects ready to go this year. The average age of a public school building is estimated to be over 40 years old, the same age that schools have been documented to deteriorate.

Conclusion

Construction has always been an engine of economic stimulus and can play that role once again. Increases in infrastructure investment can be quickly put to work and will have a direct, immediate and dramatic impact on the economy—approximately 28,500 jobs are created or sustained for every \$1 billion investment. The long-term economic benefits that will come from these investments are an extra incentive that should not be overlooked. Given the challenges our economy faces, the benefits of increased investment would save jobs that may otherwise be at risk, create job opportunities nationwide, stimulate the economy, and improve the overall state of the nation's infrastructure.

We stand ready to be part of the economic recovery. Nothing is more important to our members than enacting legislation that will increase investment in America's infrastructure.

Sincerely,

Air Conditioning Contractors of America
American Institute of Architects
American Subcontractors Association
Association of Equipment Manufacturers
Associated General Contractors of America
Association of the Wall and Ceiling Industry
Center for Environmental Innovation in Roofing
Finishing Contractors Association
International Association of Heat and Frost Insulators and Allied Workers
International Brotherhood of Electrical Workers
International Union of Painters and Allied Trades
Mechanical Contractors Association

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National Electrical Contractors Association
National Insulation Association
National Ready Mixed Concrete Association
National Roofing Contractors Association
National Union Insulation Contractors Alliance
Plumbers and Fitters International Union – UA
Plumbing Heating and Cooling Contractors
Portland Cement Association
Sheet Metal and Air Conditioning Contractors National Association, Inc (SMACNA)
Sheet Metal Workers International Association
The Association of Union Constructors (TAUC)
United Brotherhood of Carpenters and Joiners of America