

REMARKS FOR KEN SIMONSON
TCC MEDIA CONFERENCE CALL
November 13, 2009

Thanks Alison [**Premo Black – ARTBA Economist**] for getting things started. It is clear that the \$27 billion transportation component of the stimulus has helped save thousands of construction jobs nationwide. However, on its own, it has not been, now will it be, enough to prevent significant layoffs among the nation's highway and transit builders.

The stimulus has simply not been able to keep pace with declines in the overall construction market. It is impossible to overstate just how difficult current conditions are or how dire the outlook for next year is. Over 75 percent of responding firms say they anticipate a decline next year in the markets in which they work. And over 76 percent expect their state DOT's to put out less work to bid in 2010 than they did this year.

As a result, almost 2 out of every 3 transportation construction firms have had to lay off people this year. And a surprising 86.7 percent of firms say they don't have enough work on their books at present to avoid laying off non-seasonal workers next year. These layoffs are happening despite the fact that over 70 percent of responding firms have won stimulus-funded work.

Indeed, even when asked to factor in projects they hope to win, over 44 percent of firms say they anticipate having to lay off non-seasonal employees next year. While it is not unusual for construction firms to layoff seasonal employees during the colder winter months when construction is limited, it is far less common to see firms laying off their year-round staff.

Combined with the fact that only 5 percent of firms plan to add employees next year, it is pretty clear that road and transit builders have no confidence that the stimulus alone will be enough to overcome extremely difficult market conditions and uncertainty about long-term funding.

The lesson here is pretty clear. While one-time investments in transportation infrastructure like the stimulus help, they're simply no substitute for having a long-term investment strategy in our roads, bridges and transit systems.

While they may be winning contracts now, contractors aren't seeing investments being lined up for the longer-term, labor intensive, large projects that can only be funded through a multi-year bill. So companies are being extremely cautious about adding new employees or making significant capitol investments.

Contractors know there's nothing after the stimulus except depleted state and local coffers and continued uncertainty about a highway bill.

In other words, the lack of a completed transportation bill is threatening to undermine the short term benefits of the stimulus.

Worse, the market uncertainty in the transportation construction sector will continue to drag on broader economic growth. Fewer than 19 percent of responding firms are planning to purchase new construction equipment next year, while less than 18 percent plan to purchase new trucks. Combined with declines in transportation construction employment, dropping equipment sales will hurt manufacturers and retailers alike.

With construction unemployment already at 18.7 percent, and Washington increasingly worried about the jobs situation, these figures forecast the real economic risks posed by continued inaction on surface transportation legislation.

While summits may make for good headlines, if Washington wants to deliver new jobs and economic growth, it must act to quickly pass a six-year surface transportation bill that includes significant increases in funding for the nation's highway and transit systems.

Now Alison, I understand you would like to make some additional comments...