

REMARKS FOR KEN SIMONSON
STIMULUS ANNIVERSARY MEDIA CONFERENCE CALL

Tuesday, February 16, 2010

Hello and thank you for dialing in today. A year ago President Obama signed the American Recovery and Reinvestment Act, or the stimulus, into law. With an estimated \$135 billion dedicated to a host of construction activities, the legislation held great promise for a construction industry that was just beginning to feel the pain of our sharp economic downturn.

In the twelve months since the stimulus was enacted, conditions in our industry have gone from bad to worse. Construction spending has declined by 100 billion dollars, prompting nearly one million layoffs. Today almost one in four construction workers are unemployed while many once-thriving firms are wondering if 2010 will be their last year in business.

But as dire as conditions are in our industry, things would have been much worse without the stimulus. As you will hear from the other participants in today's call, the stimulus is saving construction jobs, it is driving demand for new equipment, and it is delivering better and more efficient infrastructure for our economy.

Their anecdotes are supported by the available data. For example, over 20 billion dollars worth of highway construction activity initiated this past year has saved or created nearly 280,000 construction jobs, according to the latest House Transportation and Infrastructure Committee report. That amounts to 15,000 jobs per billion dollars invested, well above our pre-stimulus estimate that every billion invested in infrastructure would create 9,700 direct construction jobs.

The latest federal employment report showed that heavy civil employment remained stable this past month while total construction employment declined by 75,000. Given that this category likely represents the bulk of stimulus-funded construction activity, the stimulus is clearly having a stabilizing impact.

Meanwhile, one of the few areas of construction to see increased spending in 2009 was in highway and roads according to the latest Census Bureau figures. Considering the massive overall declines in construction activity last year, this is a strong sign the stimulus is having a positive impact.

So if the stimulus was such a success, why is the construction industry suffering from depression-era unemployment levels? The sad fact is that overall declines in construction demand overwhelmed the benefits of the stimulus. While the stimulus made 135 billion dollars available for construction, those funds were spread out over several years. Worse, questions

about Buy American provisions and overwhelmed federal and state contracting officials have slowed the distribution of non-transportation stimulus construction funds.

As a result, the benefits of the stimulus in 2009 largely went to road contractors, who make up roughly five percent of the construction industry. Meanwhile, the overall industry was hit with a ten percent decline in spending as construction investments fell to a six-year low of 903 billion dollars.

The good news is that 2009's delays mean significantly more stimulus-funded opportunities for the contractors in 2010. We expect to see many more stimulus-funded projects come on line, especially for building contractors. This work will provide a much-needed lifeline for contractors, allowing them to retain many of their workers.

Current trends in private sector and local and state government construction demand, however, mean the stimulus is unlikely to change current construction unemployment levels. Instead, it will keep a bad situation from deteriorating further. That may not make for great headlines, but it is welcome news for construction workers anxious to continue receiving paychecks.

What wouldn't be welcome, however, is policy makers' drawing the wrong conclusions from the stimulus. Just because the economy sank faster than the stimulus rose, doesn't mean the solution to our economic woes lies with fewer infrastructure investments.

Indeed, the best way to guarantee more job losses and higher unemployment rates, cut back on infrastructure investments. Meanwhile, the best way to give millions of construction workers a lifeline to weather these tough times is to keep investing in infrastructure.

As the stories you are about to hear make clear, the stimulus is the one of the very few bright spots our industry experienced last year and is one of the few hopes keeping it going in 2010. So before we open things up to questions, I'd like to ask each of our participants to introduce themselves and briefly share their stimulus stories.

Since he'll be sharing his story with President Obama tomorrow, why don't we start with Chuck Niederriter...

And since his story is connected to Chuck's, Ron Guntert tell us about your stimulus experience...

Art Daniel, will you share yours...

Bob Schafer, tell us about what you're experiencing down in Florida...

Sam Robert Brice, do you mind telling us what you're seeing in Alaska...

Tom Brown in California, tell us about your NOAA project....

Don Hanneman in Colorado, tell us your story...

And finally, Doug Pruitt, tell us about the stimulus funded projects Sundt received...

Thanks Doug, now let's open things up for questions...

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