



Testimony of
Kevin Gannon
Vice President
Northeast Asphalt, Inc.

Submitted to:
Committee on Transportation and Infrastructure
U.S. House of Representatives

Hearing:
Progress on Implementing the American Recovery
and Reinvestment Act of 2009

July 27, 2010

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**Testimony of Kevin Gannon, Vice President
Northeast Asphalt, Inc., Appleton, Wisconsin**

On behalf of the American Road and Transportation Builders Association

Hearing:

Recovery Act: Progress Report for Transportation Infrastructure Investments

**House Committee on Transportation and Infrastructure
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Chairman Oberstar, Congressman Mica, members of the Committee—the American Road and Transportation Builders Association appreciates the opportunity to provide our latest assessment on the American Recovery and Reinvestment Act (ARRA) and its impact on the transportation construction industry. My name is Kevin Gannon. I am Vice President of Northeast Asphalt, Inc., headquartered in Appleton, Wisconsin. I am also the current president of the Wisconsin Transportation Builders Association and a member of the board of directors of the American Road & Transportation Builders Association (ARTBA).

Northeast Asphalt is a professional asphalt production and construction services company that has served the needs of its customers since 1979. We provide asphalt and pavement services and products in about 30 counties of Northeastern, North Central and Northern Wisconsin. We currently have approximately 300 employees. Due to the nation's economic difficulties, our employment roles have declined by 7.5 percent since 2007.

At the outset of my testimony, I would like to again express our industry's appreciation for the leadership and hard work of this Committee and all its members to ensuring transportation infrastructure investment played a key role in the effort to stabilize the U.S. economy. We recognize members of this Committee developed a transportation-based recovery plan well in advance of the 2008 elections and that this proposal was a foundation for the Recovery Act that followed.

It is now well over a year since enactment of the Recovery Act. That landmark legislation provided \$48 billion for transportation improvements, including \$27.5 billion for highway improvements, \$1.1 billion for airport improvements, \$8.4 billion for public transportation, \$8 billion for high speed rail and \$1.5 billion of discretionary funds for large transportation projects.

The Recovery Act has been immensely successful in supporting transportation construction and construction jobs in the United States. This is virtually the only construction market that did not suffer a serious downturn during the Great Recession, largely because of the Recovery Act. Over the last several years, the transportation

construction industry has witnessed recession induced cutbacks in state transportation investment, a major decline in private sector transportation work, and the Recovery Act's transportation investments have been the lone bright spot for our sector.

The Recovery Act, however, is no panacea for the nation's transportation investment needs. It provided a temporary injection of funds into the transportation construction market which offset cuts in state and local transportation investment. Its impact will begin to evaporate next year, potentially resulting in layoffs for thousands of highway and transportation construction workers. Last year, Congress made the important decision to support jobs and the economy by stimulating construction work on highways, bridges, airports and transit. It is now time for Congress to build on that success by enacting a multi-year surface transportation authorization bill before the end of this year, funded at the level this Committee has recommended.

The highway, transit and airport improvement funds were distributed to state and local governments 16 months ago. During that time, ARTBA has closely tracked the impact of ARRA funds on the transportation construction market.

When Congress was debating the Recovery Act at the start of 2009, critics argued that state and local governments would not be able to obligate the transportation funds and get projects underway in time to have an impact during the recession. The facts show they were wrong. Congress set a deadline of one year to obligate the highway, airport and transit funds and that deadline was met. Not one state or local government returned Recovery Act funds for failing to meet the obligation deadline.

The Federal Aviation Administration did an excellent job moving the \$1.1 billion of Recovery Act funds provided for airport improvements. Over \$800 million of grants had been awarded by the end of June 2009 and virtually all of the \$1.1 billion had been awarded by the end of September, just months after the bill was passed. More than 360 ARRA-financed airport construction projects are either underway or completed, supporting jobs either directly or indirectly for more than 30,000 workers throughout the United States.

Most state and local governments also did an excellent job obligating their Recovery Act highway funds and getting projects underway. By the end of 2009, more than \$22 billion of the ARRA highway funds had been obligated, and all of the funds were obligated by the March 2, 2010, deadline. As of July 16, 2010, 11,284 highway and bridge construction projects had been given a notice to begin construction and 3,086 projects had actually been completed.

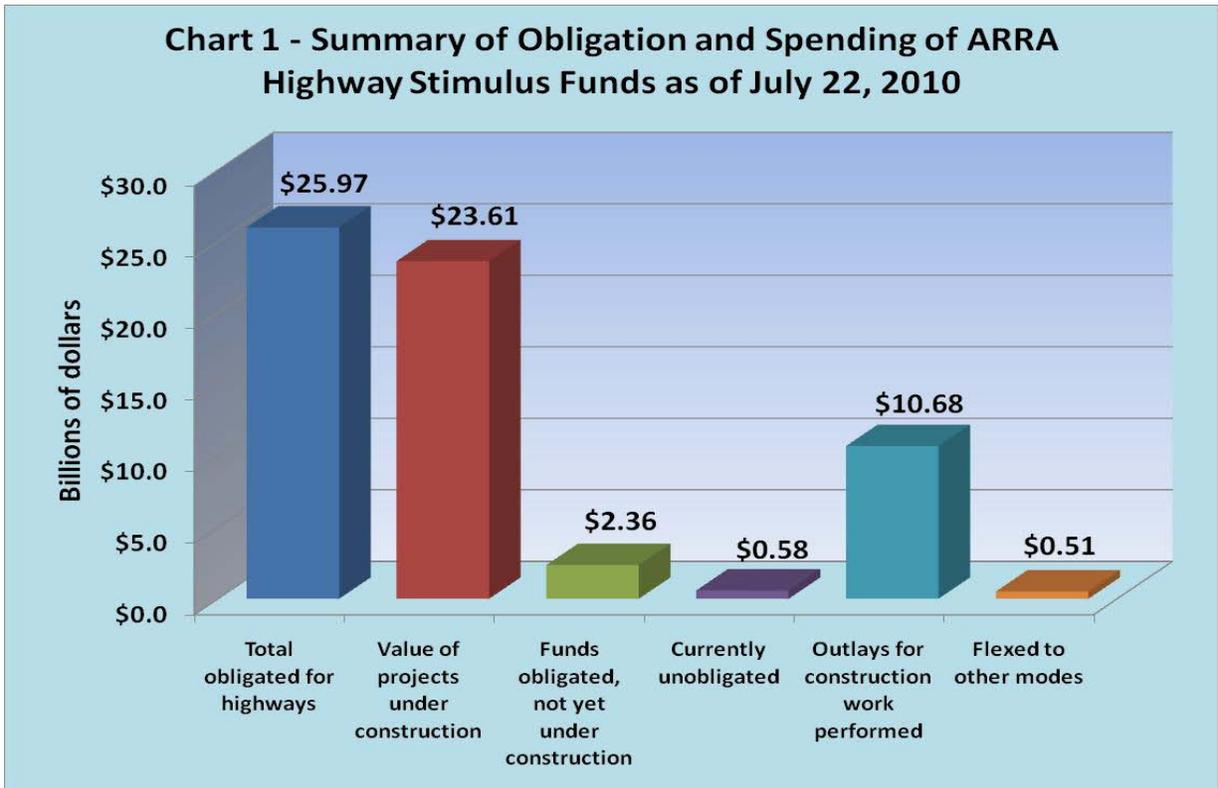


Chart 1 shows the current status of Recovery Act highway funds. As of July 22, 2010, \$25.97 billion has been obligated for highway, bridge and related improvements, representing 96 percent of the total that was apportioned to the states, the District of Columbia and the U.S. territories. Of this, \$23.61 billion represents funding for the 11,284 projects that have gone through the entire bidding process and have received a notice to proceed to construction or have been completed. Another \$2.36 billion represents funds that have been obligated for 1,493 projects that are not yet underway but should be soon. And, finally, \$510 million of the Recovery Act highway funds were flexed to other modes, including transit, rail and port improvements, as was permitted by the law. This is shown by the last bar in the chart.

As state and local highway agencies put Recovery Act projects out for bids, the low bid was often less than expected and less than had been obligated. As a result, states have been able to free up \$580 million from the original projects, as shown by the fourth bar in Figure 1, and are now putting that into additional projects. In Wisconsin, an additional 11 projects worth an estimated \$29.3 million are being advanced so that funding can be obligated by the stimulus bill's Sept. 30 deadline.

The fifth bar in the chart shows outlays to date of Recovery Act highway funds, which represents the amount of construction work actually completed. To date, outlays have totaled \$10.68 billion, or 39.5 percent of Recovery Act highway funds. And as we get into the construction season, that number should grow swiftly. During 2009, outlays

totaled \$5.6 billion. So far this year, \$5.1 billion has been paid out and, based on Congressional Budget Office projections, the 2010 total should be over \$10.5 billion.

Details by state as of last week are shown in Table 1 of my testimony.

My own company, Northeast Asphalt, is involved with 66 Recovery Act projects in Wisconsin and 7 projects in Michigan. The size of these contracts range from \$2,500 to \$16 million. Due to a more than 50 percent decline in our private sector work over the last several years, we have not been able to add new employees. However, our Recovery Act work has certainly helped us hold on to our existing work force.

Mr. Chairman, I know creating jobs is a political hot button right now, but as an employer saving jobs is just as important to me. Few things in our business are as difficult as having to let someone go solely because we do not have enough work. Headlines aside, there is nothing second class about job retention.

To assess the impact of the Recovery Act on transportation construction, ARTBA tracks two measures. One is the value of new contracts awarded by federal, state and local transportation agencies for construction projects and the other is the value of construction work put in place on transportation and transportation-related construction projects. We track these measures in both nominal dollars and in real terms after adjusting for the impact of inflation on transportation construction costs.

Table 1 - Progress Report on Use of ARRA Highway Funds as of July 16-22, 2010

	Obligations for Highway Projects		Under Construction or Completed		Outlays	Flexed to Other Modes
	Number of Projects	Amount	Number of Projects	Amount		
ALABAMA	322	\$507,665,667	286	\$489,237,172	\$233,246,988	\$1,767,770
ALASKA	28	\$173,049,714	24	\$162,449,950	\$81,026,778	\$5,000,000
ARIZONA	184	\$484,634,978	166	\$379,805,850	\$178,442,088	\$1,047,382
ARKANSAS	128	\$330,914,884	117	\$316,013,259	\$116,346,408	
CALIFORNIA	943	\$2,469,597,715	577	\$1,889,844,083	\$623,811,951	\$31,941,870
COLORADO	108	\$383,319,634	100	\$378,743,418	\$190,643,790	\$18,600,000
CONNECTICUT	137	\$291,836,500	84	\$246,073,345	\$78,769,854	\$2,800,000
DELAWARE	36	\$119,152,064	32	\$112,338,370	\$39,245,334	
DIST. OF COLUMBIA	15	\$117,598,027	12	\$95,013,918	\$23,852,265	
FLORIDA	612	\$1,293,640,295	522	\$1,093,393,274	\$374,284,789	\$1,583,590
GEORGIA	369	\$894,233,421	327	\$810,404,514	\$225,320,414	\$30,000,000
HAWAII	23	\$123,990,233	17	\$84,802,259	\$23,321,930	
IDAHO	82	\$178,405,667	78	\$176,447,281	\$74,548,980	\$3,056,000
ILLINOIS	785	\$929,474,562	730	\$893,812,317	\$556,575,997	
INDIANA	1085	\$646,930,829	1085	\$646,930,829	\$333,312,324	\$240,000
IOWA	233	\$356,807,114	233	\$356,807,114	\$269,442,602	\$539,424
KANSAS	145	\$344,930,298	127	\$323,230,550	\$100,491,617	
KENTUCKY	107	\$420,139,347	101	\$411,339,905	\$199,994,039	\$955,644
LOUISIANA	119	\$430,363,893	97	\$390,435,575	\$95,953,862	
MAINE	75	\$137,903,441	74	\$132,403,441	\$103,893,032	
MARYLAND	171	\$409,699,458	105	\$299,031,582	\$152,250,049	\$17,100,000
MASSACHUSETTS	87	\$353,132,699	62	\$256,916,358	\$96,380,697	\$59,659,500
MICHIGAN	733	\$847,873,395	713	\$837,586,966	\$424,304,097	\$606,119
MINNESOTA	208	\$499,821,125	202	\$490,418,156	\$311,502,533	
MISSISSIPPI	171	\$353,217,369	164	\$349,195,673	\$241,713,413	\$1,705,015
MISSOURI	335	\$636,426,805	314	\$613,151,498	\$292,739,118	\$365,139
MONTANA	84	\$206,729,383	81	\$204,687,216	\$116,792,175	
NEBRASKA	122	\$226,514,454	120	\$226,024,374	\$120,887,291	
NEVADA	70	\$195,993,805	59	\$179,773,504	\$53,569,304	
NEW HAMPSHIRE	34	\$129,440,556	34	\$129,440,556	\$69,801,427	
NEW JERSEY	163	\$648,082,612	98	\$541,528,031	\$231,631,760	
NEW MEXICO	92	\$245,618,864	78	\$232,199,017	\$122,468,791	
NEW YORK	443	\$940,344,752	402	\$895,976,910	\$333,564,422	\$175,466,000
NORTH CAROLINA	384	\$702,462,882	371	\$687,704,704	\$299,650,557	\$5,117,000
NORTH DAKOTA	163	\$167,068,960	160	\$162,907,352	\$107,299,453	\$2,980,000
OHIO	404	\$888,717,328	377	\$754,754,503	\$242,342,641	\$16,850,000
OKLAHOMA	274	\$464,655,225	248	\$439,393,375	\$344,051,949	
OREGON	322	\$270,024,470	302	\$238,462,934	\$162,017,164	\$62,276,713
PENNSYLVANIA	315	\$1,016,712,918	302	\$991,468,354	\$444,731,957	
RHODE ISLAND	64	\$137,445,725	64	\$137,445,725	\$68,047,698	
SOUTH CAROLINA	181	\$462,702,842	170	\$429,635,747	\$171,943,146	\$2,037,200
SOUTH DAKOTA	52	\$186,163,276	52	\$186,163,276	\$111,833,240	
TENNESSEE	318	\$573,739,584	312	\$569,287,468	\$302,096,565	\$1,959,772
TEXAS	477	\$2,208,746,035	424	\$1,999,671,261	\$767,866,592	\$17,000,000
UTAH	122	\$207,702,295	115	\$200,524,123	\$171,533,622	\$1,961,852
VERMONT	71	\$125,668,828	68	\$120,006,105	\$81,734,041	
VIRGINIA	137	\$632,155,607	53	\$269,229,074	\$71,847,087	\$48,430,459
WASHINGTON	217	\$462,863,868	207	\$456,352,890	\$281,613,918	\$1,699,484
WEST VIRGINIA	153	\$211,143,591	124	\$190,745,242	\$116,514,665	
WISCONSIN	410	\$526,498,760	410	\$526,498,760	\$308,074,675	
WYOMING	65	\$152,141,106	61	\$150,186,106	\$115,693,086	
STATE TOTAL	12,378	\$25,724,096,860	11,041	\$23,155,893,265	\$10,659,022,175	\$512,745,933
Territories, fed lands	399	\$552,307,453	243	\$449,263,387	\$24,416,235	\$0
GRAND TOTAL	12,777	\$26,276,404,313	11,284	\$23,605,156,652	\$10,683,438,410	\$512,745,933

Source: ARTBA semimonthly ARRA reports; Federal Highway Administration web site

Impact of ARRA on New Contract Awards

Table 2 shows the impact of the Recovery Act on new contract awards for highway and bridge construction projects as well as for airport and transit rail construction. The most dramatic impact occurred during 2009, particularly for airports and transit rail. The FAA, as we pointed out earlier, got airport construction projects underway quickly last year and their success is reflected in the 73.7 percent increase in new contract awards for airport projects last year. ARRA transit funds at least partially contributed to the 55.9 percent increase in the value of new contracts awarded last year for transit rail construction projects. For highway and bridge construction, the increase in new contract awards last year was more modest in percentage terms, 7.1 percent, but that represented more than \$3.7 billion.

During the first half of this year, there has been an additional 4.6 percent increase in the value of new contract awards for highway and bridge construction. New contract awards for airports and transit, on the other hand, have receded to a more normal level this year, reflecting the fact that most of the ARRA-financed projects were awarded during 2009.

Mode	2008	2009	Percent Change	Jan.-Jun. 2009	Jan.-Jun. 2010	Percent change
Highways and bridges	\$53,120.0	\$56,889.5	7.1%	\$27,932.8	\$29,216.6	4.6%
Airports	\$1,627.6	\$2,868.8	73.7%	\$1,299.4	\$596.2	-54.1%
Transit rail	\$3,000.0	\$4,675.8	55.9%	\$2,816.6	\$1,385.0	-50.8%
All transportation, inc. ports	\$58,809.7	\$65,450.1	11.3%	\$32,647.4	\$31,589.2	-3.2%

The dramatic increase in new contracts awarded during 2009 will have an even larger impact on transportation construction activity and jobs than the numbers in Table 2 suggest. Last year, prices for highway construction materials fell for the first time since 2003. The price of asphalt, in particular, plunged. With the cost of materials down, the Recovery Act could finance more projects and support more jobs than originally anticipated. Based on ARTBA's calculations, the 7.1 percent increase in new contract awards for highway and bridge projects will actually support a real increase of 10 percent or more in construction activity and jobs as these projects proceed. Unfortunately, materials costs are up a bit this year, which means real highway and bridge construction will show less than the 4.6 percent increase in the value of new contract awards, probably in the 1 to 2 percent range. Tables 3 and 4 of our testimony present the same new contract award data by state, in both nominal and real terms. A U.S. map with 2009 contract awards is located at the end of my testimony that shows 37 states and the District of Columbia increased highway awards in 2009.

Table 3 - Annual Highway and Bridge Contract Awards (in millions \$)

	Nominal Value		Number		Real Value*		Nom Value	Number	Real Value
	2008	2009	2008	2009	2008	2009	% Change	% Change	% Change
Alabama	\$742.04	\$903.08	452	467	\$710.04	\$903.08	21.7%	3.3%	27.2%
Alaska	\$266.74	\$366.22	149	170	\$255.24	\$366.22	37.3%	14.1%	43.5%
Arizona	\$1,087.49	\$1,249.85	285	307	\$1,040.60	\$1,249.85	14.9%	7.7%	20.1%
Arkansas	\$355.44	\$477.82	216	341	\$340.11	\$477.82	34.4%	57.9%	40.5%
California	\$5,355.30	\$4,770.00	2,694	2,720	\$5,124.36	\$4,770.00	-10.9%	1.0%	-6.9%
Colorado	\$850.05	\$558.82	476	440	\$813.39	\$558.82	-34.3%	-7.6%	-31.3%
Connecticut	\$517.50	\$827.23	166	172	\$495.18	\$827.23	59.9%	3.6%	67.1%
Delaware	\$75.30	\$222.75	40	53	\$72.05	\$222.75	195.8%	32.5%	209.1%
District of Columbia	\$93.04	\$368.75	16	11	\$89.03	\$368.75	296.3%	-31.3%	314.2%
Florida	\$2,540.90	\$2,511.48	942	1,100	\$2,431.33	\$2,511.48	-1.2%	16.8%	3.3%
Georgia	\$1,176.75	\$984.77	734	700	\$1,126.00	\$984.77	-16.3%	-4.6%	-12.5%
Hawaii	\$334.08	\$298.69	124	122	\$319.67	\$298.69	-10.6%	-1.6%	-6.6%
Idaho	\$416.48	\$427.16	196	223	\$398.52	\$427.16	2.6%	13.8%	7.2%
Illinois	\$2,672.93	\$2,543.32	1,837	2,085	\$2,557.67	\$2,543.32	-4.8%	13.5%	-0.6%
Indiana	\$1,308.32	\$1,739.77	891	1,068	\$1,251.91	\$1,739.77	33.0%	19.9%	39.0%
Iowa	\$664.65	\$954.86	768	828	\$635.98	\$954.86	43.7%	7.8%	50.1%
Kansas	\$642.31	\$839.73	573	487	\$614.61	\$839.73	30.7%	-15.0%	36.6%
Kentucky	\$498.62	\$710.20	582	699	\$477.11	\$710.20	42.4%	20.1%	48.9%
Louisiana	\$2,483.71	\$2,123.29	571	622	\$2,376.60	\$2,123.29	-14.5%	8.9%	-10.7%
Maine	\$202.91	\$268.48	171	194	\$194.16	\$268.48	32.3%	13.5%	38.3%
Maryland	\$1,316.30	\$832.39	343	329	\$1,259.54	\$832.39	-36.8%	-4.1%	-33.9%
Massachusetts	\$1,080.83	\$908.27	680	553	\$1,034.22	\$908.27	-16.0%	-18.7%	-12.2%
Michigan	\$1,379.40	\$1,475.28	1,176	1,276	\$1,319.91	\$1,475.28	7.0%	8.5%	11.8%
Minnesota	\$1,073.69	\$1,050.57	978	1,022	\$1,027.39	\$1,050.57	-2.2%	4.5%	2.3%
Mississippi	\$420.78	\$785.51	311	452	\$402.64	\$785.51	86.7%	45.3%	95.1%
Missouri	\$948.60	\$1,249.19	741	955	\$907.69	\$1,249.19	31.7%	28.9%	37.6%
Montana	\$307.17	\$360.53	177	215	\$293.93	\$360.53	17.4%	21.5%	22.7%
Nebraska	\$289.00	\$359.68	383	331	\$276.54	\$359.68	24.5%	-13.6%	30.1%
Nevada	\$858.91	\$472.11	187	233	\$821.88	\$472.11	-45.0%	24.6%	-42.6%
New Hampshire	\$178.67	\$320.12	112	167	\$170.97	\$320.12	79.2%	49.1%	87.2%
New Jersey	\$1,433.73	\$1,866.67	895	979	\$1,371.91	\$1,866.67	30.2%	9.4%	36.1%
New Mexico	\$450.83	\$491.66	165	174	\$431.39	\$491.66	9.1%	5.5%	14.0%
New York	\$2,765.37	\$3,324.60	717	937	\$2,646.12	\$3,324.60	20.2%	30.7%	25.6%
North Carolina	\$1,316.40	\$1,339.02	449	700	\$1,259.64	\$1,339.02	1.7%	55.9%	6.3%
North Dakota	\$275.53	\$360.03	267	279	\$263.65	\$360.03	30.7%	4.5%	36.6%
Ohio	\$1,867.31	\$1,976.14	1,781	1,833	\$1,786.79	\$1,976.14	5.8%	2.9%	10.6%
Oklahoma	\$599.36	\$1,166.72	399	563	\$573.51	\$1,166.72	94.7%	41.1%	103.4%
Oregon	\$520.59	\$771.61	357	477	\$498.14	\$771.61	48.2%	33.6%	54.9%
Pennsylvania	\$2,778.84	\$2,990.04	1,091	1,447	\$2,659.01	\$2,990.04	7.6%	32.6%	12.4%
Rhode Island	\$138.58	\$260.57	36	86	\$132.60	\$260.57	88.0%	138.9%	96.5%
South Carolina	\$549.39	\$594.12	619	573	\$525.69	\$594.12	8.1%	-7.4%	13.0%
South Dakota	\$250.34	\$364.15	297	328	\$239.54	\$364.15	45.5%	10.4%	52.0%
Tennessee	\$919.50	\$1,145.52	658	544	\$879.84	\$1,145.52	24.6%	-17.3%	30.2%
Texas	\$3,193.84	\$4,173.03	1,416	1,695	\$3,056.11	\$4,173.03	30.7%	19.7%	36.5%
Utah	\$1,031.03	\$880.13	262	322	\$986.57	\$880.13	-14.6%	22.9%	-10.8%
Vermont	\$113.93	\$193.16	65	89	\$109.02	\$193.16	69.5%	36.9%	77.2%
Virginia	\$1,737.04	\$564.40	356	373	\$1,662.13	\$564.40	-67.5%	4.8%	-66.0%
Washington	\$1,102.27	\$1,414.07	628	712	\$1,054.74	\$1,414.07	28.3%	13.4%	34.1%
West Virginia	\$606.61	\$485.65	431	372	\$580.45	\$485.65	-19.9%	-13.7%	-16.3%
Wisconsin	\$936.23	\$1,222.23	786	910	\$895.86	\$1,222.23	30.5%	15.8%	36.4%
Wyoming	\$395.42	\$346.04	158	172	\$378.37	\$346.04	-12.5%	8.9%	-8.5%
Total	\$53,120.0	\$56,889.5	182	188	\$50,829.3	\$56,889.5	7.1%	3.3%	11.9%

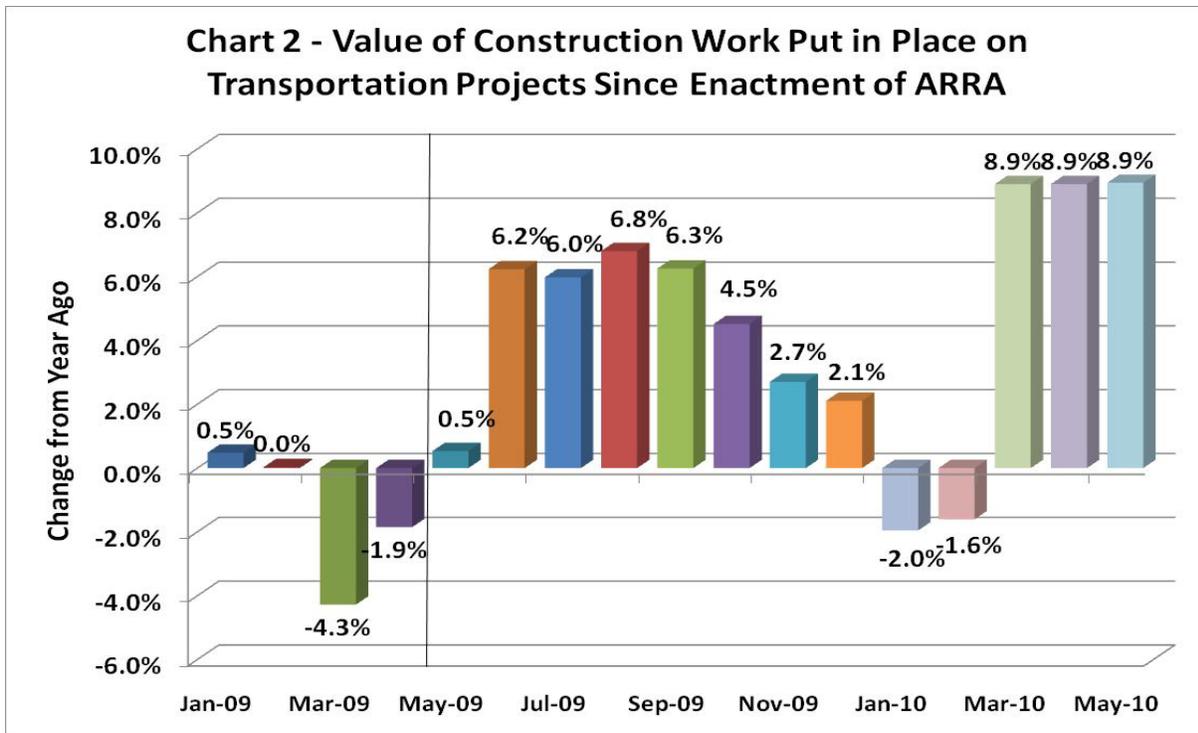
* Nominal value has been weighted by the ARTBA Price Index, taking into account changes in general inflation, material prices and labor costs - putting everything in current 2009 \$
 Source: ARTBA Analysis of McGraw Hill Data

Table 4 - Highway and Bridge Contract Awards (in millions \$) YTD through June									
	Nominal Value		Number		Real Value*		Nom Value	Number	Real Value
	2009	2010	2009	2010	2009	2010	% Change	% Change	% Change
Alabama	\$360.5	\$209.0	189	196	\$371.8	\$209.0	-42.0%	3.7%	-43.8%
Alaska	\$138.5	\$143.8	56	78	\$142.8	\$143.8	3.8%	39.3%	0.7%
Arizona	\$800.6	\$374.5	157	210	\$825.7	\$374.5	-53.2%	33.8%	-54.6%
Arkansas	\$279.9	\$243.7	167	197	\$288.6	\$243.7	-12.9%	18.0%	-15.6%
California	\$2,333.5	\$2,063.2	1,292	1,200	\$2,406.6	\$2,063.2	-11.6%	-7.1%	-14.3%
Colorado	\$267.3	\$367.0	231	155	\$275.7	\$367.0	37.3%	-32.9%	33.1%
Connecticut	\$226.3	\$193.5	87	116	\$233.4	\$193.5	-14.5%	33.3%	-17.1%
Delaware	\$169.8	\$60.5	21	21	\$175.1	\$60.5	-64.4%	0.0%	-65.5%
District of Columbia	\$33.0	\$21.5	2	2	\$34.1	\$21.5	-34.9%	0.0%	-36.9%
Florida	\$1,365.5	\$2,650.8	561	555	\$1,408.2	\$2,650.8	94.1%	-1.1%	88.2%
Georgia	\$362.6	\$694.8	215	493	\$374.0	\$694.8	91.6%	129.3%	85.8%
Hawaii	\$119.3	\$115.1	54	49	\$123.0	\$115.1	-3.5%	-9.3%	-6.4%
Idaho	\$152.1	\$133.1	81	118	\$156.9	\$133.1	-12.5%	45.7%	-15.2%
Illinois	\$1,030.5	\$1,451.4	845	1,189	\$1,062.8	\$1,451.4	40.8%	40.7%	36.6%
Indiana	\$1,080.7	\$836.3	455	513	\$1,114.5	\$836.3	-22.6%	12.7%	-25.0%
Iowa	\$391.7	\$349.3	341	368	\$403.9	\$349.3	-10.8%	7.9%	-13.5%
Kansas	\$572.1	\$450.3	268	258	\$590.0	\$450.3	-21.3%	-3.7%	-23.7%
Kentucky	\$305.8	\$278.7	342	281	\$315.4	\$278.7	-8.9%	-17.8%	-11.6%
Louisiana	\$746.9	\$490.9	258	289	\$770.3	\$490.9	-34.3%	12.0%	-36.3%
Maine	\$153.9	\$168.5	116	159	\$158.7	\$168.5	9.5%	37.1%	6.2%
Maryland	\$341.6	\$170.2	165	101	\$352.3	\$170.2	-50.2%	-38.8%	-51.7%
Massachusetts	\$493.2	\$658.8	257	225	\$508.6	\$658.8	33.6%	-12.5%	29.5%
Michigan	\$837.4	\$871.2	611	753	\$863.6	\$871.2	4.0%	23.2%	0.9%
Minnesota	\$557.2	\$578.5	552	474	\$574.6	\$578.5	3.8%	-14.1%	0.7%
Mississippi	\$334.5	\$297.4	210	257	\$345.0	\$297.4	-11.1%	22.4%	-13.8%
Missouri	\$857.5	\$722.4	627	489	\$884.3	\$722.4	-15.8%	-22.0%	-18.3%
Montana	\$152.2	\$153.4	89	92	\$157.0	\$153.4	0.7%	3.4%	-2.3%
Nebraska	\$234.2	\$254.0	176	210	\$241.5	\$254.0	8.4%	19.3%	5.2%
Nevada	\$246.7	\$509.8	100	94	\$254.4	\$509.8	106.7%	-6.0%	100.4%
New Hampshire	\$207.0	\$96.5	112	78	\$213.5	\$96.5	-53.4%	-30.4%	-54.8%
New Jersey	\$777.7	\$629.2	392	398	\$802.0	\$629.2	-19.1%	1.5%	-21.5%
New Mexico	\$297.1	\$275.3	105	145	\$306.4	\$275.3	-7.3%	38.1%	-10.1%
New York	\$1,420.6	\$966.2	359	307	\$1,465.0	\$966.2	-32.0%	-14.5%	-34.1%
North Carolina	\$386.8	\$1,143.7	216	563	\$398.9	\$1,143.7	195.7%	160.6%	186.7%
North Dakota	\$198.6	\$219.8	134	130	\$204.8	\$219.8	10.7%	-3.0%	7.3%
Ohio	\$1,127.2	\$1,253.9	878	1,109	\$1,162.5	\$1,253.9	11.2%	26.3%	7.9%
Oklahoma	\$602.4	\$421.9	256	317	\$621.3	\$421.9	-30.0%	23.8%	-32.1%
Oregon	\$282.7	\$291.2	178	197	\$291.5	\$291.2	3.0%	10.7%	-0.1%
Pennsylvania	\$1,481.9	\$1,069.9	754	634	\$1,528.3	\$1,069.9	-27.8%	-15.9%	-30.0%
Rhode Island	\$198.4	\$45.3	47	33	\$204.6	\$45.3	-77.2%	-29.8%	-77.9%
South Carolina	\$251.3	\$670.3	292	304	\$259.2	\$670.3	166.7%	4.1%	158.6%
South Dakota	\$257.7	\$157.2	210	187	\$265.8	\$157.2	-39.0%	-11.0%	-40.9%
Tennessee	\$350.2	\$211.4	187	102	\$361.2	\$211.4	-39.6%	-45.5%	-41.5%
Texas	\$2,596.4	\$2,824.3	868	803	\$2,677.7	\$2,824.3	8.8%	-7.5%	5.5%
Utah	\$465.7	\$1,239.9	174	99	\$480.3	\$1,239.9	166.2%	-43.1%	158.1%
Vermont	\$109.8	\$83.5	50	62	\$113.2	\$83.5	-24.0%	24.0%	-26.3%
Virginia	\$325.0	\$557.4	167	386	\$335.1	\$557.4	71.5%	131.1%	66.3%
Washington	\$739.7	\$537.3	315	252	\$762.8	\$537.3	-27.4%	-20.0%	-29.6%
West Virginia	\$164.3	\$252.2	138	236	\$169.4	\$252.2	53.5%	71.0%	48.8%
Wisconsin	\$533.8	\$662.6	492	615	\$550.6	\$662.6	24.1%	25.0%	20.4%
Wyoming	\$213.5	\$96.4	107	55	\$220.1	\$96.4	-54.9%	-48.6%	-56.2%
Total	\$27,932.8	\$29,216.6	182	188	\$28,807.1	\$29,216.6	4.6%	3.3%	1.4%

* Nominal value has been weighted by the ARTBA Price Index, taking into account changes in general inflation, material prices and labor costs - putting everything in current 2010\$
Source: ARTBA Analysis of McGraw Hill Data

Impact of ARRA on Transportation Construction Activity

The final measure that ARTBA tracks is the value of construction work put in place on transportation projects, where there has also been a significant impact from the ARRA. As Chart 2 shows, the value of construction work performed on transportation projects during the first four months of 2009—before ARRA funds began to have an impact--was substantially below the comparable months of 2008. If Congress had not enacted the ARRA, ARTBA’s economists forecast that 2009 would almost certainly have ended as one of the few post-war years of negative growth in transportation construction. But once ARRA transportation funds began to kick in, the value of construction work put in place on transportation projects started to grow, beginning in May 2009. During every month since then, with the exception of weather-related declines in January and February 2010, construction activity on transportation projects has been stronger than during the same month of the previous year, as the chart shows. Hopefully, the increase will strengthen even further as we get into the peak transportation construction season this summer and fall.



Conclusion

Mr. Chairman, despite the clear success of the Recovery Act’s transportation investments, it is no secret the transportation construction industry is still struggling from a variety of very severe challenges, ranging from significant unemployment rates to

budget shortfalls in many states. The fact of the matter is that without the Recovery Act our situation would be dramatically worse.

The ARRA was only intended as a temporary boost. It will continue to support transportation construction work and jobs in 2010, but after that its impact will phase down quickly. Many of the jobs supported by the bill this year and next will then begin to disappear.

Even with the ARRA funds, 2009 was a very uneven and challenging year for many in the transportation construction market; and 2010 and beyond could be much worse.

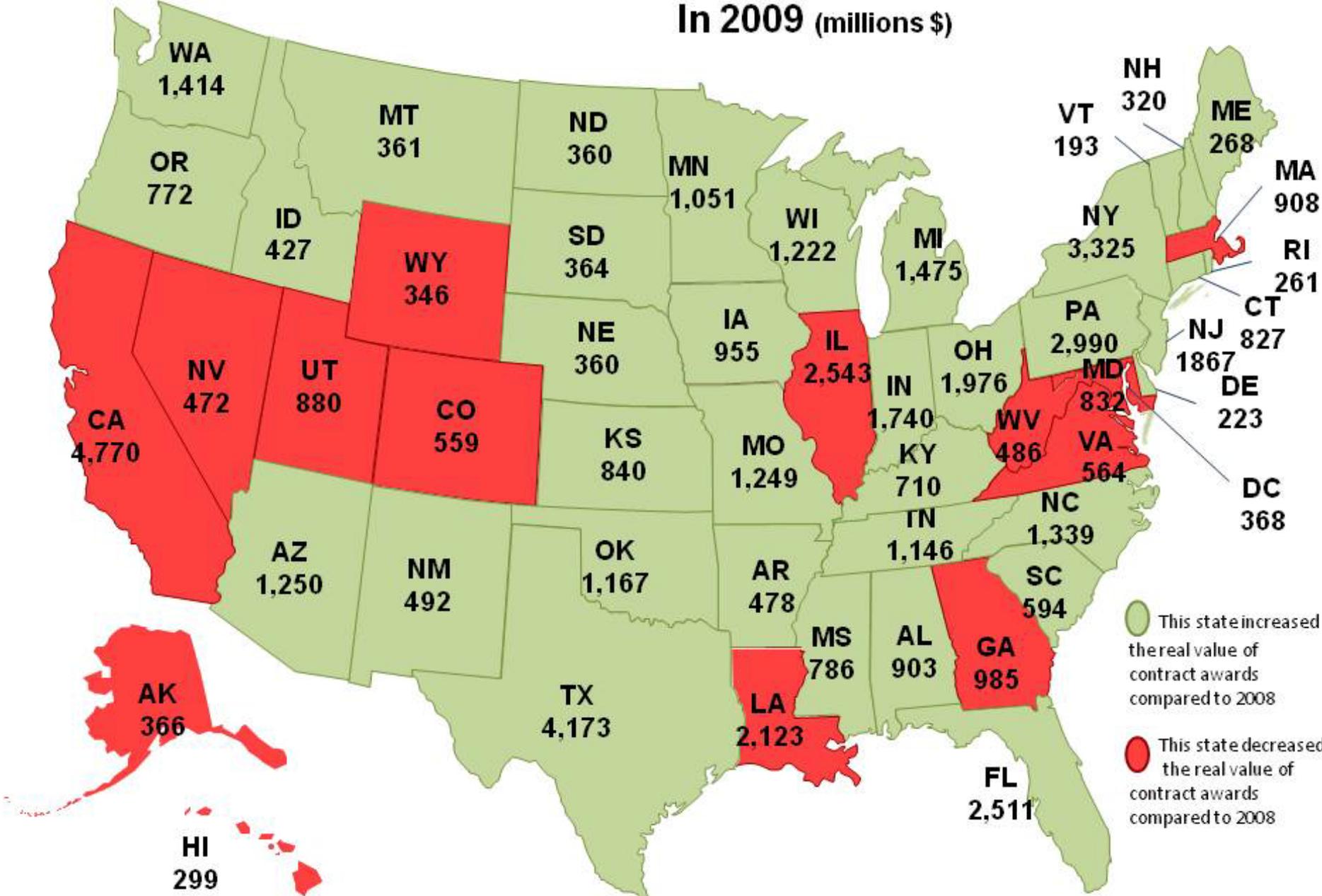
Frankly, the uncertain outlook about the reauthorization of the federal highway and public transportation programs is exacerbating an already difficult situation. It is not just the delay in passing a reauthorization bill that has our industry concerned. It is also the uncertainty and trepidation caused by how the delay is being handled—with short-term extensions and deficit spending. For more than 50 years, the federal-aid highway and transit programs have been a model of responsible, stable and dependable financing—user funded and deficit neutral. That dependability, which is so critical to planning and executing multi-year construction projects, is now threatened by a lack of will to enhance the revenue stream to the Highway Trust Fund to reflect today's realities.

Mr. Chairman, I know you and other members of this committee are trying to address this problem head-on and we greatly appreciate your leadership. Until all members of Congress and the Obama Administration stop trying to avoid this situation, there is little chance of seeing true recovery in the transportation construction industry.

To sustain and build on the ARRA and re-energize the long-term growth potential of the United States, the most important action Congress could take would be to enact a six-year surface transportation authorization bill at the \$500 billion funding level proposed by you and your Committee as soon as possible.

Thank you for the opportunity to testify, and I will be happy to answer any questions.

Value of Highway & Bridge Contract Awards In 2009 (millions \$)



 This state increased the real value of contract awards compared to 2008
 This state decreased the real value of contract awards compared to 2008

Source: ARTBA analysis of McGraw Hill Data

