Written Statement of

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On behalf of

The Associated General Contractors of America

to the

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Committee on Transportation and Infrastructure

For a hearing on

"The State of Transportation"

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The Associated General Contractors of America (AGC) is the leading association in the construction industry representing more than 27,000 firms, including America's leading general contractors and specialty-contracting firms. Many of the nation's service providers and suppliers are associated with AGC through a nationwide network of chapters. AGC contractors are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, levees, locks, dams, water conservation projects, defense facilities, multi-family housing projects, and more.

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I. Introduction

Chairman Graves, Ranking Member Larsen, and members of the Committee on Transportation and Infrastructure, thank you for inviting me to testify on this vitally important topic. My name is Lauren Benford, and I am the Controller of the Reiman Corporation, an active member of the Associated General Contractors of America (AGC) and a past President of the Associated General Contractors of Wyoming.

AGC is the leading association in the construction industry, representing more than 27,000 firms, including America's leading general contractors and specialty-contracting firms, many of which are small businesses. Many of the nation's service providers and suppliers are also associated with AGC through a nationwide network of chapters. AGC contractors are both union and open shop and are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, levees, locks, dams, water conservation projects, defense facilities, multi-family housing projects, and more. In 2020, 91% of firms within the construction industry had 20 or fewer employees.[1]

Reiman Corp is a 76-year-old, family-owned company currently passing off leadership to the third generation. We employ 150 employees and operate in Wyoming, Nebraska and Northern Colorado. We specialize in heavy highway, civil and commercial construction work.

In my testimony today, I will discuss the status of the construction industry, including the challenges that lie ahead for rebuilding our nation's infrastructure. Recent investments in infrastructure, like the Infrastructure Investment and Jobs Act (IIJA), have contributed to the most significant infusion of investment in our infrastructure since the enactment of the Interstate Highway System in the mid-1950's. While inflation and supply chain constraints have created challenges over the past two years, the construction industry would have seen a cut in projects to bid on without the IIJA, negatively impacting my company, the industry, and our nation's infrastructure. My testimony today will also highlight the challenges and opportunities that exist for the construction industry.

II. The Cost of Construction Has Increased

The cost of construction materials has increased

For the construction industry, managing inflation defined 2023. Since February 2020, the average cost of construction materials has increased by 37%; nearly twice as high as the rate of consumer inflation, which was 19% during that same period (See Appendix Table 1). More specifically, highway construction costs have increased 50% since December 2020, according to the Federal Highway Administration's (FHWA) National Highway Construction Cost Index (NHCCI).[2] These figures also reflect significant cost increases for specific construction materials from February 2020 to November 2023 (See Appendix Table 2), which include a:

- 113% increase in the price of diesel;
- 60% increase in the price of steel mill products;
- 44% increase in the price of gypsum (used in a lot of building materials); and

[1]https://data.census.gov/table?q=CB2000CBP:+All+Sectors:+County+Business+Patterns,+including+ZIP+Code+Business+Patterns,+by+Legal+Form+of+Organization+and+Employment+Size+Class+for+the+U.S.,+States,+and+Selected+Geographies:+2020

[2] National Highway Construction Cost Index, https://explore.dot.gov/views/NHIInflationDashboard/NHCCI_1?%3Aiid=1&%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Adisplay_count=n&%3AshowVizHome=n&%3Aorigin=viz_share_link

- 31% increase in the price of cement.[3]

The price of fuel, especially diesel, has driven up costs for the construction industry and project costs nationwide. Higher diesel costs mean construction companies must pay more to operate equipment, deliver materials to jobsites, and haul away dirt, debris, and equipment. Likewise, construction workers themselves feel the pain of higher commuting costs – particularly for jobs in rural areas where workers often have long commutes.

Contractors are often asked, "what difference does it make what the costs of materials are if you are just building the price into your bids?" There is often a lag between when you are quoted a price from a supplier that is used to submit a bid and when the order is placed ahead of construction – especially when you are doing federal-aid transportation work. Get the estimates wrong and you either lose your shirt (and possibly your company), or you lose the bid.

Contractors must try to predict what prices will look like when it comes time to procure these materials, several months to even a year later – otherwise they could be forced to absorb increases. Likewise, if a contractor includes anticipated cost increases in their bids, they run the risk of losing out on a project to a lower bidder.

Companies are also unable to foresee things like world events that cause a spike in oil prices or soaring inflation and therefore, in some instances, are forced to absorb these increases if there is no price adjustment clause available to them.

While contractors are in the business of managing risk, the events and circumstances of the last two years have led to such unparalleled unpredictability in the supply chain and market that contracting firms of all sizes are at greater risk now than in recent history of business failure. As you can imagine, the impacts are especially devastating to small and Disadvantaged Business Enterprise (DBE) construction firms that lack the resources to absorb these unexpected costs.

Working in Wyoming creates many challenges being a rural state, such as material availability, severe shortage of skilled labor, extreme weather, shorter building seasons and logistical challenges because of long distances between communities. Wyoming's forever west attitude, harsh weather, and lack of amenities makes it extremely difficult to attract talent to the state to allow our companies to grow.

The wages of construction workers have increased

The Bureau of Labor Statistics released numbers in November 2023 that showed that there were still 390,000 job openings in construction despite 271,000 new hires reported throughout the month. In other words, the industry cannot find enough people to hire. This has resulted in dramatic increases in labor costs. Between December 2022 and December 2023, the average hourly earnings for "production and non-supervisory employees" in construction rose 5.1%. Meanwhile the average for hourly workers in the private sector rose 4.3% (Appendix Table 3).

Construction companies face difficulty hiring and maintaining workers

The construction industry's labor shortages remain severe with most construction firms expecting labor conditions to remain tight. Despite firms increasing pay and benefits, the workforce shortage continues.

[3] Bureau of Labor Statistics, Producer Price Indexes, https://www.bls.gov/ppi/

A 2023 AGC survey found 93% of construction firms report they have open positions they are trying to fill. Among those firms, 90% are having trouble filling at least some of those positions – particularly among the craft workforce that performs the bulk of onsite construction work. While finding qualified workers remains a challenge, the survey does show that contractors are optimistic, particularly with road, bridge, and transportation construction.

The industry is facing the effects of decades of policies directing students to attend four-year institutions as the only career option. For every dollar the federal government invests in career or workforce education, it spends five encouraging students to go to a traditional four-year college and pursue a "professional" career.[4] That is why AGC supports increased funding for Career and Technical Education (CTE) funding, as laid out in the Carl D. Perkins Vocational and Technical Education (Perkins) Act. Perkins is the primary federal program for developing and supporting CTE programs for secondary and post-secondary students. Exposing younger individuals to construction skills and careers is critical. However, these programs, especially construction focused ones, are expensive to operate and administer for local schools, as they involve purchasing construction equipment, simulators, and tools as well as attracting and retaining instructors. And these programs face rising inflationary pressure and lingering pandemic impacts.

My local AGC chapter created a workforce development division three years ago to combat workforce issues we have seen compound upon themselves the past few decades. The division is led by a former teacher who left the classroom at the opportunity to help students find careers outside of the college track. This division has enacted multiple initiatives to help students find a path into the skilled trades. It starts with clarifying the pathways into the trades that was identified as a key piece missing in attracting youth. They are made very aware of the requirements to enter college and plenty in the school system help students navigate the path to enroll. But this is not done for students interested in finding jobs in the trades. Secondary schools often present apprenticeship programs, on-the-job-training options, or trade schools as vague ideas. And students are not shown the specific pathway to these alternative, but equally worthwhile, options.

Our workforce division has read construction related books to students in kindergarten and 1st grade. They have built mini-toolboxes and birdhouses with students in 2nd and 3rd grades. We fund and organize CTE career exploration days for school districts that highlight the CTE options available in the local high school for 5th and 6th grade, before kids even really think about their high school schedule. We then check back in with kids in 7th and 8th grade and start talking about specific careers rather than skillsets. In the high schools, we are invited to give presentations showing how kids can take what they are learning in their CTE classes and turn those into a career.

We are involved with our community college programs that help support construction as well as have partnered to start programs not offered but that support careers desperately in need. Finally, our workforce division in our local AGC chapter has a strong relationship with the construction management and engineering programs at University of Wyoming (UW). Our members host their students as interns in the summer to provide real life work experience to support their classroom learning. A few of us from AGC of Wyoming are invited to UW to give industry insight presentations and we are represented on their advisory boards.

[4] https://opportunityamericaonline.org/

All of this is to highlight that to solve this workforce problem, the AGC of Wyoming has created a long game strategy that is only three years old. We are already starting to see it make a difference in recruiting high school graduates from trades programs into our industry and hope that as these partnerships continue and we continue to support our schools and CTE teachers, we can create the kind of pipeline that provides well-paying careers to Wyoming citizens and helps Wyoming contractors meet the states construction demands.

The outlook for construction in 2024 is mixed

AGC recently released the survey results from its members on the economic outlook for construction, *A Construction Market in Transition: The 2024 Construction Hiring and Business Outlook.*[5] Demand for different types of projects is changing. Respondents to this year's *Outlook* survey are less confident about growth prospects for many market segments than they were a year ago. They are most optimistic about a range of public-sector market segments, including water and sewer projects, transportation, federal, and bridge and highway work. Conversely, they predict private sector demand will be less robust for segments like manufacturing and multifamily residential and will decline for lodging, retail, and private office construction.

While contractors remain mostly upbeat, their top worries for 2024 include fears about the impacts of higher interest rates on demand for construction and the risk that the economy could enter a recession. In addition to these new worries, contractors remain concerned about workforce shortages and their impact on construction prices and schedules. Contractors continue to see projects being delayed – sometimes indefinitely – because of rising costs, slower schedules, and shrinking demand for the finished products.

III. Regulatory Burdens Create Uncertainty and Further Increase Costs

Confusion surrounding new Build America, Buy America Act (BABAA) requirements

As you know, the IIJA included new Buy America requirements. This legislation significantly broadened domestic sourcing requirements for infrastructure projects receiving federal aid. While AGC supports efforts to enhance American manufacturing capabilities, it is imperative that such efforts be implemented with clarity and without imposing undue burdens on those responsible for procuring materials in the construction of our nation's infrastructure.

Unfortunately, the Office of Management and Budget's (OMB) implementation process, commencing with preliminary guidance on April 18, 2022, and culminating in the final guidance released on August 23, 2023, has been characterized by hasty implementation processes and requirements that were inadequately considering existing manufacturing capabilities, material delivery times, and the administrative changes necessary to comply with the new mandates.[6][7]

The recent Requests for Information (RFI), issued by various agencies, including the U.S. Department of Transportation (DOT), Environmental Protection Agency (EPA), and the Department of Housing and Urban Development (HUD), exemplifies how the Administration has imposed requirements on states and contractors without a comprehensive understanding of the

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[5] The 2024 Construction Hiring and Business Outlook, https://www.agc.org/news/2024/01/04/2024-construction-hiring-and-business-outlook

[6] M-22-11 Memorandum for Heads of Executive Departments and Agencies, https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-11.pdf

[7] Guidance for Grans and Agreements https://www.federalregister.gov/d/2023-17724

availability of various manufactured products essential to infrastructure construction.[8] Although BABAA requirements have been incorporated into contracts since May 14, 2022, federal agencies are still in the information gathering phase, as evidenced by activities like this RFI occurring as recently as last month.

The Administration is always quick to point to the waiver process outlined in BABAA and how it has 15 days to approve or reject waivers. However, OMB's implementation of the waiver process and historical precedent with waivers tells a different story. AGC is concerned that this system will result in project delays or incentivize the use of substandard materials.

For example, FHWA posted a waiver for comment on August 28, 2023, that was submitted by the Illinois Department of Transportation (ILDOT) for non-domestic pumps. However, the waiver was submitted by ILDOT to FHWA on May 21, 2021. How are U.S. DOT and the White house supposed to determine if there are domestic manufacturers or not if the public is not made aware of the waiver request for nearly two and a half years?

Furthermore, a memorandum released by OMB on October 25, 2023, mandates that federal agencies notify and consult with the Made in America Office before posting proposed waivers for public comment.[9] This additional requirement is poised to further extend the timeline between a project stakeholder's waiver request and the public's opportunity to comment on its necessity.

It is important that all Buy America waivers get equal treatment whether it is for an electric vehicle charger, a transit system, or a roadway project. Likewise, the waiver process must be depoliticized. If a waiver is granted, it does not mean that the Trump Administration or Biden Administration does not care about domestic manufacturing or American jobs; it means that they also care about American construction jobs and want to rebuild America's infrastructure as promised under the IIJA.

Again, AGC is supportive of efforts to expand domestic manufacturing efforts and its members help build those manufacturing projects. However, we are concerned that reality of the timeline necessary to attract and build a stronger domestic manufacturing sector will come at the expense of construction jobs because of project delays caused by an opaque, politicized, and lengthy waiver process.

Greenhouse Gas Performance Measure

At the end of 2023, FHWA finalized a rule to establish a greenhouse gas performance measure. During debate of the IIJA and prior surface transportation laws, Congress considered proposals that would provide FHWA with the authority to create a performance measure on greenhouse gas emissions but ultimately rejected them. AGC believes[10] that this greenhouse gas performance measure would be a one-size-fits-all mandate that would limit a state's ability to choose transportation projects that fit its unique needs.

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[8] Request for Information Regarding Products and Categories of Products Used in Water Infrastructure Programs https://www.epa.gov/system/files/documents/2023-11/epa-hq-ow-2023-0396-0001.pdf

[9] M-24-02 Memorandum for the Heads of Executive Departments and Agencies, https://www.whitehouse.gov/wp-content/uploads/2023/10/M-24-02-Buy-America-Implementation-Guidance-Update.pdf

[10] https://www.agc.org/sites/default/files/Files/Govt%20Regulations%20and%20Executive%20Orders/AGC%20-%20FHWA-2021-0004-0001%20GHG%20Emissions-AGC-8G4WL63-2.pdf

While FHWA keeps touting that there are no explicit penalties for states that fail to meet their targets, the rule does state that "State DOTs and MPOs that set a declining target but fail to achieve their targets can satisfy regulatory requirements by documenting the actions they will take to achieve that target in their next biennial report." It goes on to say states must "provide data-supported explanations for not achieving significant progress, and their plan to achieve said progress in the future." AGC believes that states will have to explain to FHWA how they will reduce carbon dioxide emissions—i.e., make climate-friendly project selections at the behest of road and bridge projects.

This new rule will make it challenging for a state like Wyoming to connect people to jobs, healthcare, and education. The transportation needs faced by Americans living in urban areas are not the same as those living in rural parts of the country. Requiring New York to invest in the New York City subway or build more bike lanes rather than a roadway project might work for the transportation needs of their state. In Wyoming, these climate-friendly projects are usually impractical and inefficient.

Disadvantaged Business Enterprise (DBE) Program

As you know, the DBE program was originally established by regulation in 1980.[11] It plays a pivotal role in fostering diversity and inclusion in the construction industry by ensuring that certified small businesses owned and controlled by socially and economically disadvantaged individuals can compete for federally funded highway, public transit, and airport projects. In the years since it was established, Congress included provisions in certain transportation laws, including most recently the IIJA, that created goals for a certain amount of federal funding to be expended through DBEs.

U.S. DOT is currently finalizing a new rule on the DBE Program. AGC represents DBE and non-DBE firms and has identified[12] many areas of agreement on how to improve the DBE program. For example, we are pleased that U.S. DOT is proposing to increase the personal net worth cap and exclude retirement assets from the calculation. DBE firms should be able to grow without punishing the owner of the company for planning for retirement. Likewise, we are pleased that the U.S. DOT is taking steps to streamline the interstate certification process. This will enable these small companies to focus more of their time and resources on running their construction companies and not forcing them to spend time on a duplicative paperwork process.

AGC supports better alignment of the DBE program with the federal small business program under the Small Business Act. However, AGC warns U.S. DOT against a wholesale substitution of the existing rules for DBE size determination with that of the U.S. Small Business Administration's (SBA) without careful consideration and study.

AGC believes that U.S. DOT should ensure that DBE availability and capacity in an area does not diminish, which would undermine efforts to achieve programmatic goals. That is why AGC supports aligning the DBE statutory size standard—currently capped at $28.48 million gross annual

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[11] U.S. DOT Disadvantaged Business Enterprise Program, https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise

[12] https://www.regulations.gov/comment/DOT-OST-2022-0051-0418

revenue—with NAICS code 237310 (Highway, Street, and Bridge Construction)[13] that sets a $45 million cap and is revised for industry trends and inflation at least every five years by the SBA.

And, rather than limiting DBEs to certain sub-sizes as specialty contractors—as NAICS codes for specialty contractors are generally capped at a $19 million gross annual revenue threshold—AGC supports maintaining just the one singular code and its accompanying threshold to avoid administrative confusion that could lead to DBEs being prematurely removed from the program. Also, DBE contractors can work as prime contractors on some transportation construction contracts and specialty contractors (i.e., subcontractors) on others. That flexibility maximizes their opportunity to bid on and win federally assisted transportation construction contracts. Such a change is not unprecedented. In fact, Congress enacted this approach in section 150 of the Federal Aviation Administration Act of 2018 for that mode's DBE program.

As it stands, however, NAICS codes for the specialty construction sector were designed for vertical building construction, not transportation construction contractors. These codes do not account for the fact that in transportation construction, jobsites can span many miles and require more heavy equipment than for constructing a building. For example, to face a cap of $19 million can be especially challenging for a structural steel contractor that specializes in bridge work, as steel remains at elevated prices, is a ubiquitous material in bridges and whose placement requires significant investment in heavy equipment.

Instead of allowing room for DBE contractors to grow, the current size requirement is handicapping their success. Instead of making it easier for prime contractors to utilize specialty DBE firms, it is making it more difficult. Finally, it is making it harder for states to meet or even exceed their DBE goals by limiting the work these DBE firms are able to perform. AGC looks forward to working with Congress and U.S. DOT to address the unintended consequences of the current use of NAICS codes in transportation construction.

From Reiman Corp perspective we struggle to obtain our Highway Departments DBE goals because of the low number of DBEs who actually bid and perform work for us in the state. Many of our DBEs are only capable of performing a few projects a year. Another obstacle for many of our DBEs is that they are small businesses with limited office personnel and struggle to fill out and compile the federal paperwork for the projects.

Implementing Environmental Review and Permitting Reforms

Infrastructure funding has historically been a major roadblock for infrastructure projects to break ground. While recent investments in infrastructure have largely appeased that concern, there are other challenges that exist.

AGC believes a great way to maximize federal investment in infrastructure would be to fully implement the environmental review and permitting reforms that have been passed by congress in the IIJA and the Fiscal Responsibility Act. The complicated operations of these current laws and the intersection of their requirements can delay projects that would improve the overall safety and efficiency of the surface transportation system. By implementing these provisions, we believe the

[13] Small Business Administration, Table of Small Business Size Standards, https://www.sba.gov/sites/default/files/2023-06/Table%20of%20Size%20Standards_Effective%20March%2017%2C%202023%20%282%29.pdf

time and costs associated with delivering projects will be reduced without jeopardizing environmental protections.

The White House Council on Environmental Quality (CEQ) has implemented a few permitting efficiencies directed by Congress in in the Fiscal Responsibility Act of 2023 – like setting deadlines and page limits for agencies' reviews and adding a process for a federal agency to use another agency's categorical exclusion.

Unfortunately, CEQ also added new language that would undercut important modifications made in the past specifically aimed at limiting the endless analysis of unquantifiable environmental harms and benefits and, conversely, introduce "innovative approaches to NEPA" that direct National Environmental Policy Act (NEPA) reviews toward the Biden Administration priorities of climate change and environmental justice.

AGC is concerned that CEQ's changes add bureaucratic steps in an already onerous and slow process, require more time-consuming analyses, and increase litigation risk for project decisions. Additionally, the association is concerned that the changes will encourage agencies to impose requirements that go beyond CEQ regulations and would slow agency decision-making and discourage the transformational investments needed across the economy.

Federal agencies are not just making changes to NEPA, they are systematically reversing all streamlining reforms from recent years as well as introducing additional requirements that will delay projects. This can be seen in the major permitting programs such as Clean Water Act section 404 permitting, section 401 water quality certifications, threatened and endangered species, and migratory birds.

The promises to deliver timely and sorely needed infrastructure under the IIJA and the Inflation Reduction Act will be significantly challenged if projects are delayed and, in turn, face steep cost increases that block their construction. These delays will make it harder to achieve climate change goals, to make infrastructure more resilient, and to better prepare and protect communities from natural disasters, especially disadvantaged communities.

IV. Results of Infrastructure Spending

IIJA Funds Have Been Mostly Used for Repaving and Repairs

When Congress debated and passed the IIJA, they got it right by prioritizing long term certainty and an increase in funding. This gives states and construction companies long-term certainty to plan for major projects. This contrasts with the American Recovery and Reinvestment Act of 2009 which provided a one-time infusion of funds and prioritize projects that were "shovel ready."[14] As a result, that legislation did not lead to major infrastructure projects being completed.

From a construction standpoint, our members report that most of the IIJA funding to date has been for much needed repairs and repaving of roadways. While our members are hard at work rebuilding the nation's infrastructure, it's also crucial to recognize that the current focus on repairs and reconstruction in the early stages of IIJA are partly due to the intricate nature of initiating significant

[14] U.S. DOT American Recovery and Reinvestment Act Final Report, https://www.transportation.gov/sites/dot.gov/files/docs/American%20Recovery%20and%20Reinvestment%20Act%20Final%20Report.pdf

new projects. Unlike repair and reconstruction efforts that can more swiftly address existing infrastructure issues, large-scale projects often necessitate an extended period in the design phase and working their way through environmental reviews and permitting processes. As evidenced by AGC's 2024 Construction Outlook Survey, transportation contractors are very optimistic that there will be a large number of construction projects breaking ground soon.[15]

While often hailed as historic, IIJA should not be viewed as a singular achievement but rather as a model for future funding. If Congress had not passed the IIJA, contractors engaged in civil construction would likely have seen a cut of 20-30% in the work they were able to bid on.
The sustained commitment to long-term certainty and increased funding provided by the IIJA sets a precedent for proactive planning and execution of major projects. By making this level of investment a recurring norm, Congress can ensure a continuous pipeline of infrastructure improvements, fostering economic growth and bolstering the resilience of the nation's vital transportation systems.

Provide Flexibility to States to Meet their Transportation Needs
Secretary Buttigieg stated,[16] "No one understands a community's needs better than those who live there." AGC agrees that U.S. DOT must continue to provide state and local governments with the flexibility to address and prioritize their unique transportation needs as Congress intends. As each area of our country is diverse and unique, so are the transportation needs of each community. When standardized transportation solutions do not work in a community, too often the contractor gets blamed despite usually not being involved in project selection or the design of a project.

Historically, the federal-aid highway program has been federally funded and state administered with over 90 percent of the highway funding going to states via formula.[17] This ensures maximum flexibility for states to address their transportation needs and allows them to "flex" funding between programs when necessary. We ask that Congress continue to prioritize formula funds and state flexibility in future surface transportation reauthorizations.

In my state of Wyoming, a total of 17% of our major roads are in poor or mediocre condition.[18] This ends up costing Wyoming motorists $151 million a year or $356 per driver in the form of repairs, accelerated vehicle depreciation, and increased fuel consumption.[19] In addition, the federal program is essentially the state program. We rely so heavily on the formula dollars that are provided in highway reauthorizations to repair our roads and bridges that we are barely able to provide the non-federal share required for use of these funds.

V. Conclusion

Construction companies have a mixed outlook for 2024 as expectations for demand remain mostly positive, but less upbeat than last year amid new challenges.

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[15] 2024 Construction Hiring and Business Outlook
https://www.agc.org/news/2024/01/04/2024-construction-hiring-and-business-outlook
[16] U.S. DOT, Biden-Harris Administration Launches New Program to Help Communities Seek Infrastructure Projects, https://content.govdelivery.com/accounts/USDOT/bulletins/330d4ed
[17] FHWA, Bipartisan Infrastructure Law, https://www.fhwa.dot.gov/bipartisan-infrastructure-law/summary.cfm
[18] TRIP, Key facts about Wyoming's surface transportation system, https://tripnet.org/wp-content/uploads/2020/04/TRIP_Fact_Sheet_WY.pdf
[19] TRIP, Key facts about Wyoming's surface transportation system, https://tripnet.org/wp-content/uploads/2020/04/TRIP_Fact_Sheet_WY.pdf

While we have not yet seen a large increase in projects to bid on as a result of the IIJA, we remain optimistic the robust funding levels provided in the law will mean more construction projects breaking ground in the next few years.

The IIJA provides market opportunities for transportation contractors, heavy contractors, building contractors and utility contractors. And most importantly, it demonstrates to our existing and future workforce that there is sustainable work in the years to come. If Congress did not pass the IIJA, the impacts on transportation contractors would have been significant with likely a cut of 20 to 30% in projects by the states.

I thank the Committee for the opportunity to testify today and appreciate its continued efforts to help improve our nation's infrastructure via enacting policies that create good paying jobs in America. I look forward to answering any questions you may have.

Appendix

Table 1

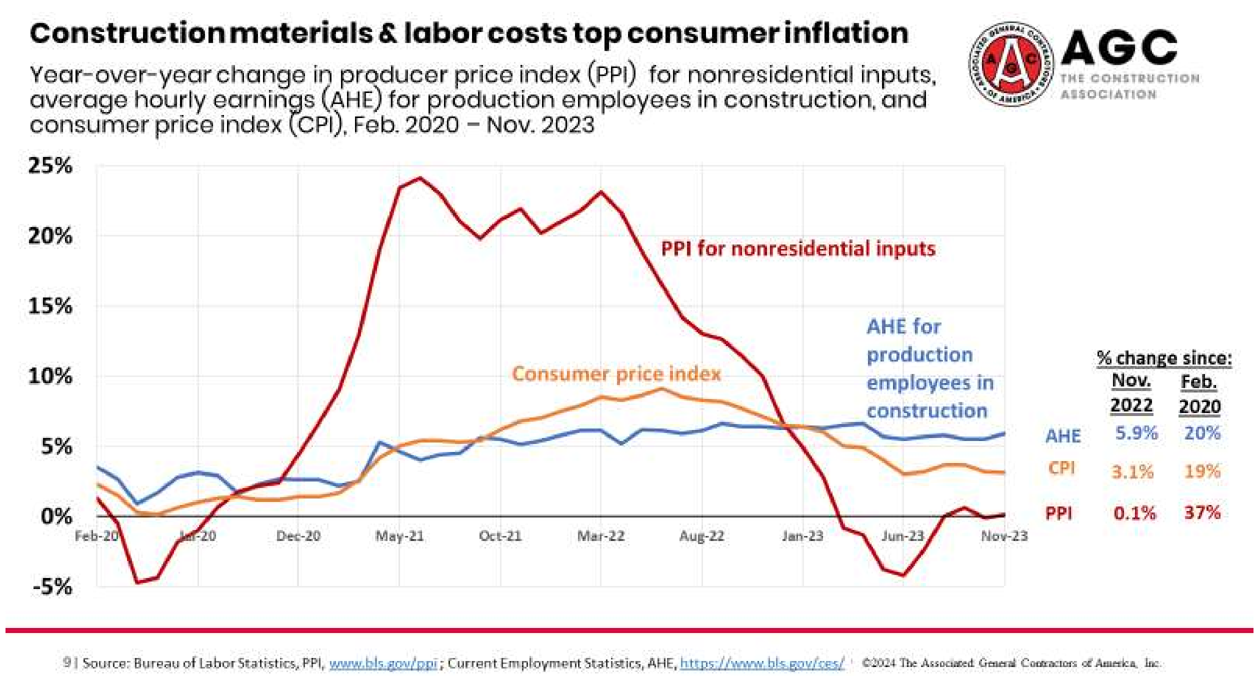


Table 2

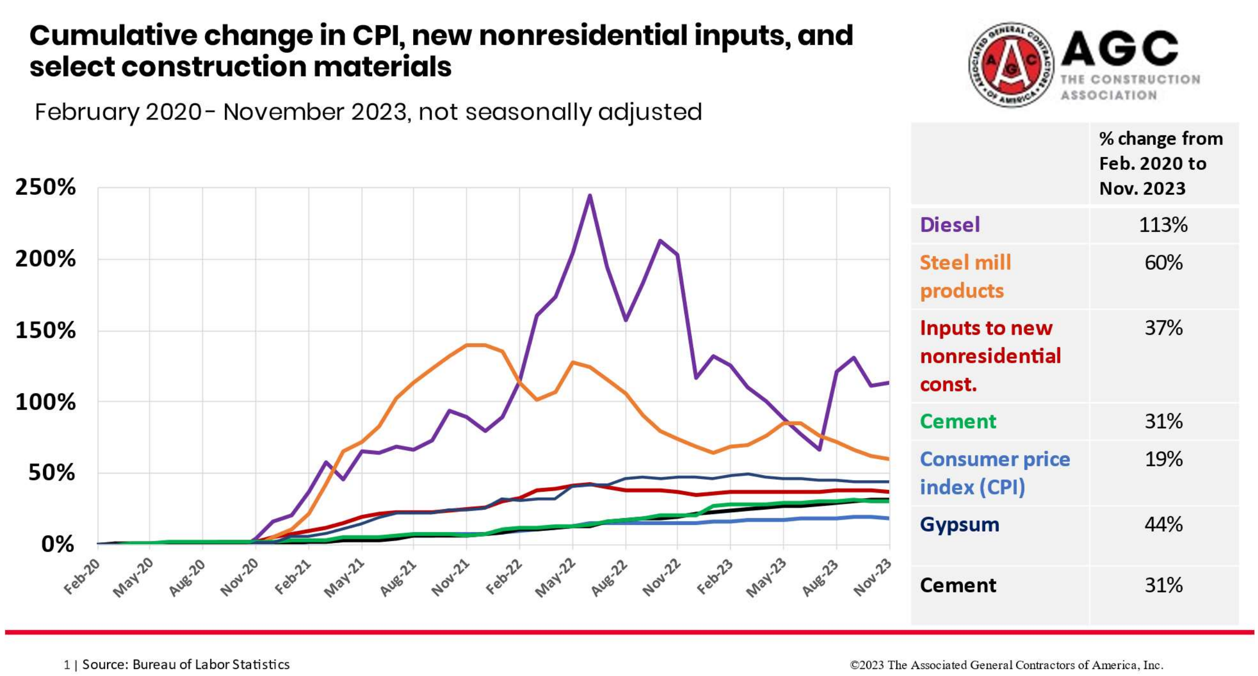
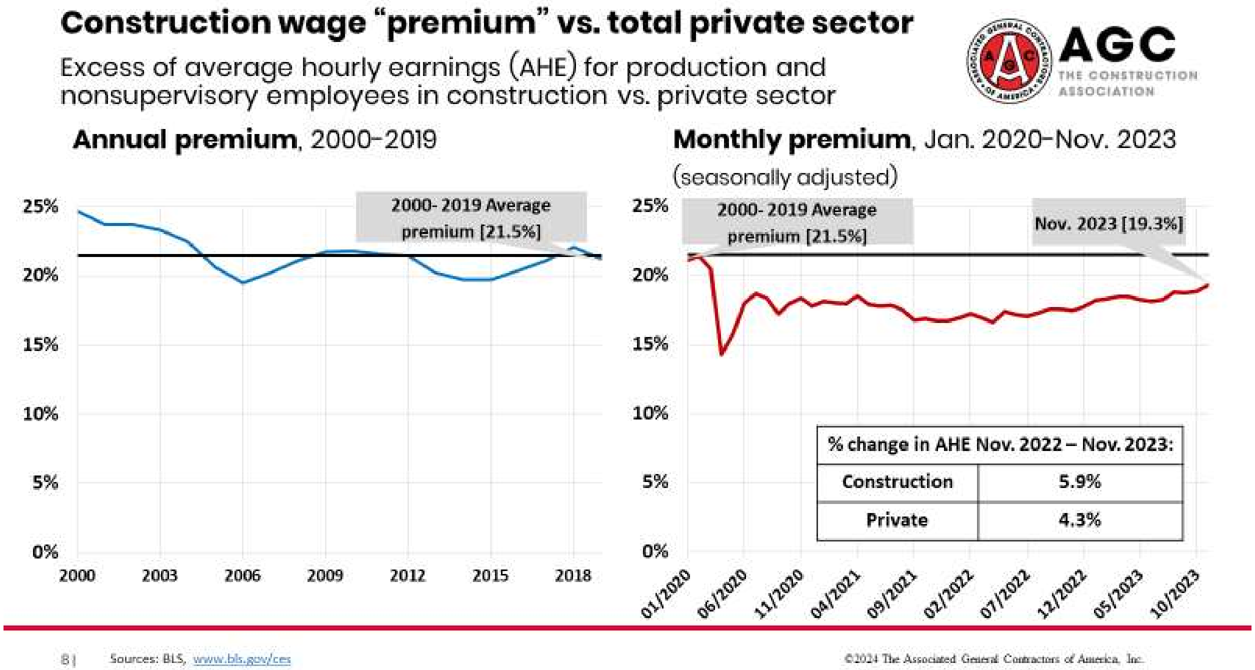


Table 3


Construction wage "premium" vs. total private sector
Excess of average hourly earnings (AHE) for production and nonsupervisory employees in construction vs. private sector
AGC
THE CONSTRUCTION ASSOCIATION
Annual premium, 2000-2019
2000- 2019 Average premium [21.5%]
Monthly premium, Jan. 2020-Nov. 2023
(seasonally adjusted)
2000- 2019 Average premium [21.5%]
Nov. 2023 [19.3%]
% change in AHE Nov. 2022 – Nov. 2023:
Construction 5.9%
Private 4.3%
8 | Sources: BLS, www.bls.gov/ces
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