

December 7, 2011

President Barack H. Obama
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20500

The Honorable Harry Reid
Majority Leader
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable John A. Boehner
Speaker
H-232 The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
235 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. President and Congressional Leaders:

On behalf of the millions of Americans who rely on the design, construction and real estate industry, we ask for your support in enacting legislation that provides certainty to the marketplace and gets our economy back to work.

At a time when unemployment in the industry is at 13.4 percent, it is no surprise that nearly one in ten American workers is out of a job. The industry accounts for 5.7 percent of the Gross Domestic Product, employing more than seven million Americans who design, construct and maintain the infrastructure on which our economy depends. When unemployment in this sector is high, the impact is felt in every community across the nation.

Worse, the jobs outlook continues to be grim. Various industry forecasts show no recovery in construction for the remainder of this year. Most construction projects valued at less than \$5 million are stalled due to lack of financing, and more broadly, 21 percent of all construction projects are stalled due to the lack of available financing.¹ Total construction spending will be flat to down for the remainder of 2011, and margins will continue to be squeezed as material

¹ Kermit Baker, Hon. AIA, *No Recovery Expected for Nonresidential Building this Year, But Growth Projected for 2012*, <http://www.aia.org/practicing/AIAB090310>, (Nov. 22, 2011).

costs continue to rise at more than five percent into 2012.² Finally, our members report that they have suffered a median decrease in revenues of over five percent for the past three years.³

This lack of funding deters job growth in a sector which can put the economy back on track and is a proven accelerator of economic growth. A recent study by Bloomberg Government reports that for every one job in construction, there are 25 applicants. If the industry gets back to work, then the national economy will grow. For every additional \$1 billion invested in nonresidential design and construction would add \$3.4 billion to Gross Domestic Product (GDP), \$1.1 billion to personal earnings, create or sustain 28,500 full-time jobs, and an additional \$2.35 billion in indirect benefits to the economy.⁴

Design and construction is an extremely capital intensive industry. While our professions do not always agree on policy issues, on this point we are in full agreement: without action by Congress and the Administration to provide stability and certainty in federal policy, any recovery in the larger economy simply will not take place. Despite the inherent challenges in passing legislation in a divided government, Congress and the Administration have the opportunity to improve the economy simply through enacting legislation that traditionally has received strong bipartisan support.

First, we ask that Congress pass and the President sign surface transportation, aviation and water resources reauthorization bills. Enactment of these authorizations will immediately provide programmatic and fiscal certainty that will help job creators in every state put people back to work.

Second, we ask that Congress pass and the President sign appropriations bills for the remainder of fiscal year 2012 as soon as possible. Short-term continuing resolutions provide little or no certainty to public agencies or those who perform work for them. In fact, our members say that the failure to pass routine authorizations and appropriations bills undermines business confidence. Our members understand that difficult choices need to be made in order to reduce spending and lower the deficit. However, delaying these choices damages our economy by putting vital building and infrastructure projects on hold indefinitely.

Third, any effort to reinvigorate the design and construction markets must successfully jumpstart new privately-funded construction. The strength of the private sector market is the single largest determining factor in the health of the construction industry. Unfortunately, private sector demand continues to decline at alarming rates. Of course, the private sector will not begin building again until employment expands, retail demand grows and manufacturing increases. That is why the best way to boost private demand for construction is to put in place pro-growth policies that will boost economic expansion. Accordingly, we ask that Congress and the

² Ken Simonson, *Construction Materials Prices Down Slightly in October but Continue to Outpace Building Prices for the Year, Causing "Difficulty" for Contractors*, http://www.agc.org/cs/news_media/press_room/press_release?pressrelease.id=967, (Nov. 22, 2011).

³ ZweigWhite, *Financial Performance Survey, 2011*, https://netforum.acec.org/eweb/DynamicPage.aspx?expires=yes?Site=ACEC_STORE&WebKey=bff43c1f-9455-4e03-aebd-e5ad66494793&ListSearchFor=Financial, (Nov. 22, 2011).

⁴ Ken Simonson, e-mail to author, Nov. 9, 2011.

President agree to extend expiring tax provisions in order to give businesses the ability to engage in longer-term planning. Extending expiring provisions provides certainty to businesses that need to plan fiscal strategies to grow and expand in the coming years.

Our members are ready and willing to get back to work designing and building the infrastructure that will keep America competitive in the 21st Century. They want Congress and the Administration to perform the fundamental business of governing that will provide the stability needed to get this sector moving and take millions of Americans off the unemployment rolls. Reviving demand for construction, particularly private sector construction activity, is essential to sustaining broader economic growth. We urge you to take action on these critical measures that will help our economy fully recover.

Sincerely,

The American Institute of Architects
The Associated General Contractors, Inc.
American Council of Engineering Companies
American Subcontractors Association, Inc.
American Society of Landscaping Architects