

CAPITAL PROJECTS ARE A JOB STIMULUS



**Building Trades
Employers
Association**



**A Message from Louis J. Coletti,
President & CEO,
Building Trades Employers'
Association (BTEA)**

Recent policy decisions by state government leaders to suspend selected road and transportation projects currently under construction, and the MTA's consideration of transferring funds from their capital budget to cover operational shortfalls, will only increase unemployment in an industry already being devastated by this economy.

According to the NYS Department of Labor and other sources, unemployment in the construction industry is at a 58 month high with almost 40% of New York City building trade members unemployed today. This is devastating to our economy because construction has the highest economic multiplier of any industrial sector. For each new construction project we create, three additional jobs become available and workers on a project benefit the local economy because they each lunch near their work site and buy goods and services locally.

Based on these facts in this difficult economy, why are state government leaders halting several road and bridge projects already under construction? Why is the MTA seriously considering the elimination or delay of badly needed transportation projects to plug holes in their operating budget? Aren't these projects being paid with capital dollars that are outside the operating budget, meaning they should have no impact whatsoever on the operating budget? And isn't the use of capital finances for operating costs the same formula that produced the near bankruptcy of New York City in the 1970's?

What are the contractors working on these delayed projects in New York State supposed to do? If they stop construction, they risk having the state default their contract because, as far as I know, the state has not waived that clause. Do they just keep building and absorb the costs of their payroll and equipment in the HOPE that they will get paid relatively soon? In case you were unaware, the banking and finance community is not only refusing to loan money to the private real estate community, but they are refusing to extend the credit lines of contractors they have been doing business with for 20 years. As a result, this puts too many contractors at a higher risk of bankruptcy.

So why would public policy makers take such action? I can think of only one reason: the construction industry is a victim of a high stakes political strategy to either get a state budget passed or convince leaders more funding is needed for capital programs.

Public leaders need to address the real issue – the need to reduce expenditures—and that starts with the public unions. Have any of them had their pay frozen or reduced? Their fringe benefits cut back? Were they asked to contribute to their health care or pension plans?

Employees of contractors have been doing exactly these things for over a year. The private sector building and construction trades have worked hard to create new job opportunities for their members and the contractors they work for with private sector and NYC public sector Project Labor Agreements.

Public policy leaders must face reality. They need to address the key issues first before they make bad decisions that will lead to higher unemployment and the bankruptcy of too many contractors, especially those small and mid-size construction firms which banks are loathe to help anyway.

I know it is difficult to make those kinds of decisions because someone will always get hurt in some shape or fashion. But solving this financial crisis should not be balanced on the backs of contractors and building trade union members who have already made, and are continuing to make, sacrifices others have not.