

Ali Mills' Testimony to the US Senate Environment and Public Work 11/30/22

Chairman Carper, Ranking Member Capito, and members of the Committee on Environment and Public Works thank you for inviting me to testify on this vitally important topic. My name is Ali Mills. I am the President of Plum Contracting in Pennsylvania and an active member of the Associated General Contractors of America (AGC).

Plum Contracting is a family operated business for 42 years located just east of Pittsburgh, Pennsylvania. In that time, we have become a high valued highway and bridge contractor in Pennsylvania while also having a successful subcontracting division installing highway edge drains along the east coast.

I want to start by thanking the Committee for their work and leadership in the development of the Infrastructure Investment and Jobs Act or I-I-J-A. The IJJA represents the most significant infusion of investment in our infrastructure since the enactment of the Interstate Highway System in the mid-1950's. I also thank the Committee for continuing to prioritize formula dollars to states through the core highway formula programs and ask that you continue to do so in the future rather than creating new grant programs – especially discretionary ones.

A recent survey of AGC members found that 93 percent of construction companies are experiencing long lead times and/or allocations for construction materials. Infrastructure project costs continue to climb amid rising construction materials prices and shortages. Material price increases have doubled or even tripled in some cases. Supply chain disruptions from the pandemic have inflated the cost of construction materials and made project delivery schedules and product availability more uncertain.

Today, my company is experiencing an unprecedented burden with bidding and procurement of new projects. We are bidding jobs plugging numbers because suppliers will not quote projects due to fluctuations in material pricing and lack of material supply. We are seeing suppliers quote projects but not sign purchase orders so they are not held responsible for honoring their price if material prices increase. Once we begin construction, the new “normal” is delays on the project because of supply issues. From a project scheduling perspective, it has turned into a nightmare.

As you know, the IJJA included the Build America, Buy America Act which expands domestic sourcing requirements to all construction materials on federally assisted projects. I want to be clear, AGC supports sensible efforts to incentivize the growth of America's domestic manufacturing capacity to restore balance to the supply chain.

However, these new requirements have created significant confusion among industry about the difference between a construction material and a manufactured product and what manufacturing processes must occur domestically for construction materials. To address this issue, U.S. DOT must

identify a specific list of which construction materials will have to be Buy America compliant and which materials will be considered a manufactured product. To date, they have not done this.

There is also heartburn within the construction industry about potential future project delays due to the need for a Buy America waiver and the low likelihood in being granted one based on history.

While we still await clarification from OMB, the initial Director of the Made in America Office has since left just weeks before implementation begins. Put nicely, implementation of the new Buy America requirements is off to a rocky start and the construction industry is very concerned and confused.

A great way to maximize the investment in IIJA would be to implement the environmental review and permitting reforms that were mandated in the bill. By implementing these provisions, we believe the costs associated with delivering projects will be reduced without jeopardizing environmental protections.

AGC also has concerns about recent changes to the National Environmental Policy Act (NEPA) in the Council on Environmental Quality's (CEQ) Phase I rulemaking. These changes add bureaucratic steps in an already onerous and slow process, require more time-consuming analyses, increase litigation risk for project decisions, and 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.

Labor shortages also continue to be a top concern for the industry with most construction firms expecting labor conditions to remain tight. Despite firms increasing pay and benefits, the workforce shortage continues. A 2022 AGC survey found 83 percent of firms are having a hard time filling some or all salaried or hourly craft positions and that contractors are not optimistic about the pipeline of future workers. The industry is facing the effects of decades of policies directing students to attend four-year institutions as the only career option.

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