

Excerpts of Testimony by James Van Buren, vice president of development and chief operating officer of New Enterprise Stone & Lime Company, Before the House Transportation & Infrastructure Committee on American Recovery and Reinvestment Act Implementation

December 10, 2009

“My company, New Enterprise, was formed in 1924 by J.S. Detwiler and his son, Paul, and is currently managed by third and fourth generation Detwilers. We are a vertically integrated construction materials supplier, highway contractor and traffic safety products and service provider. New Enterprise is the largest producer of crushed stone and aggregates in Pennsylvania and sixteenth in the nation. And a top 50 heavy highway contractor in the U.S.

The age, size and diversity of our company allow me to offer a broad perspective on the recovery act's impacts on the transportation construction industry.

Success Story

The transportation components of the recovery act are a true success story. The economic downturn has had a substantial adverse impact on our company and the entire industry. Our sales dropped significantly from 2007 to 2008. Without the recovery act's transportation investments, our markets would have continued their free fall this year.

It is certainly true our industry continues to suffer from the recession and is experiencing disproportionate levels of unemployment. That reality is not an indictment of the recovery act, but rather illustrates how much worse our situation could have been.

As of the end of November, \$21 billion of recovery act highway funds had been obligated and \$14 billion of



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that amount was under construction. That means two-thirds of the available funds are generating economic activity and supporting employment.

Tangible Results

Almost 96 percent of Pennsylvania's recovery act highway funds have been obligated and, of that amount, more than 19 percent of the work has been completed. Contractors make employment decisions and purchase materials and equipment when contracts are awarded. As such, the economic benefits occur long before project completion.

New Enterprise has been awarded over \$50,000,000 of recovery act contracts. Approximately 50 percent of the work was performed in 2009 and the balance will be done in 2010.

We have also supplied materials and been a subcontractor for a number of additional recovery act projects. Although those sales have not reversed the negative sales trend we are seeing for stone, sand, and ready-mix, they have certainly helped replace work not being done in the commercial and residential markets.

Long-Term Solutions

Absent action on a multi-year surface transportation program reauthorization bill or some other infusion of transportation infrastructure investment, we are looking at market retraction within the next two years. In fact, New Enterprise is projecting declines as early as 2010.

Clearly, the robust, six-year investment levels proposed by this Committee would be the ideal move to stabilize and grow the U.S. transportation construction market. If, however, that is not attainable, an alternative measure that significantly boosts infrastructure investment in the short-term and retains the integrity of the Highway Trust Fund can also provide a critical economic boost.

In fact, the success of the recovery act is proof that our community has the capacity to take on additional work and complete it quickly. That said, the maximum economic multiplier effect only occurs under a six-year reauthorization measure. ○

The full testimony is available on the "government affairs" section of www.artba.org.