

Shutdown Continues

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IDOT's shutdown on construction and engineering work continues, despite some movement on the budget over the weekend. The Illinois House of Representatives passed both a revenue and an omnibus appropriations bill late Sunday. The revenue package includes a permanent personal income tax increase, taking the rate to 4.95 percent, and it also increased the corporate rate to 7 percent. That measure passed 72-45; 15 Republicans voted yes, and 10 Democrats from vulnerable districts voted no. The appropriations bill passed with 81 votes. 71 votes are required to pass a measure, which is also the number of votes required to override a veto.

The budget now moves to the Senate, which passed its own version in May when a super-majority was not required. Both the Senate and the House remain in session in Springfield today. If the two chambers agree upon a final budget, it will be sent to the Governor. **Governor Bruce Rauner**, however, vowed to veto the budget because it was not accompanied by any reforms.

"Under **Speaker Madigan's** direction, legislators chose to double down on higher taxes while protecting the special interests and refusing to reform the status quo. It's a repeat of the failed policies that created this financial crisis and caused jobs and taxpayers to flee," said the Governor.

The House passed its budget with a veto proof majority; the Senate passed its budget with 31 yes votes, while 36 will be required to pass now that the regular session has expired. Even with a veto-proof passage, political and public pressure may come into play in any veto override attempt. There is no way to predict whether a budget will be finally adopted this week, or how long the IDOT shutdown caused by the failure to enact a budget will continue.

The continued shutdown stops a planned \$2.2 billion in highway and bridge construction spending on 900 active projects and is predicted, even in the short term, to significantly impact construction and engineering companies and the state's economy as a whole. An

ARTBA economic analysis by Chief Economist Dr. Alison Premo Black forecasts a week-long shutdown of the state's transportation improvement projects will cost the construction industry and the state's taxpayers at least \$34 million in the first week alone. Over time, the cost could grow to as high as \$345 million per week in lost sales, wages, and economic activity. One month of delay can raise project costs by 1 to 1.5 percent, which is a large sum when considering the costs of transportation projects are in the hundreds of thousands to millions of dollars. An added cost that would also have to be burdened by taxpayers.

"Shutdown procedures and processes are complete and contractors, engineers, and the motoring public are all at the mercy of the legislature now," said David Rock, president of IHC Construction Company and IRTBA Chairman of the Board. "I have a project on I-55 and Lake Shore Drive that is only two weeks away from completion that is now shut down. That's wasted time and fuel for commuters and visitors to the city, who will have to sit in traffic longer than they should have had to. And there are 900 more projects like mine shutting down in this state," Rock added.

All highway and bridge construction companies were instructed by IDOT to complete shutdown procedures and secure all job sites by June 30, the end of the state's 2017 fiscal year. Due to the lack of a state budget, all contractors, engineers, and material suppliers will also be unable to start work on any new projects in FY 2018, which began July 1.

The estimated costs of demobilization of the 900 active highway projects is \$20 million, at a minimum," said Mike Sturino, President & CEO of IRTBA. He added, "Keeping these projects closed would cost an estimated \$14 million each week, displace thousands of construction workers, and have an expanded impact on other sectors of the economy like retail, manufacturing, and healthcare as a result."

Construction workers alone collectively earn about \$17.5 million each week, and as hourly employees, many will not get paid if they do not work. This has added, indirect effects on the regional economy where those displaced employees live and work. As more construction workers lose their jobs and cut back on spending, this will reduce demand in other sectors of the economy, and could put additional jobs in other industries at risk.

An estimated \$127 million in construction work would have been completed on the identified projects the week of July 1--outside of the direct costs that contractors will incur to maintain their job sites. This construction work supports \$331 million in purchases through other sectors of the economy, adding \$171 million to the state's Gross Domestic Product (GDP). Each year, \$2.2 billion in annual highway and bridge construction spending adds up to over \$5.7 billion in total economic output for Illinois businesses, and adds nearly \$3 billion to the state's GDP.

"This is not only an economic issue in a state that already isn't doing so great. This is also a public safety issue," Sturino said. "Our state cannot afford to continue to neglect its deteriorating infrastructure."

Approximately 50 percent of Illinois roads are rated in poor condition. Of the 26,704 bridges in the state, 15 percent are classified as structurally deficient or functionally obsolete. And in Illinois, 874 bridges are posted for load, which may restrict the size and weight of vehicles crossing the structure.

Contact your legislators to urge them to find a way to get transportation design and construction back on track.