

THE BOND BUYER

Infrastructure contract awards jump a record 25% as federal funds flow

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The value of contract awards spiked by a record 25% last year as federal infrastructure funds began to flow to state and local governments.

The American Road & Transportation Builders Association, which tracks monthly data on the value of state and local government contract awards, said the 25% increase in calendar 2022 marked the largest growth rate since ARTBA began collecting the data in 1997.

The value of contract awards is an important number because it signals the size of the project pipeline across the country, said ARTBA chief economist Alison Premo Black.

"Contract awards are a key piece because they're a leading indicator of work that's going to be coming down the pipeline and executed over the next one to two years," Black said.



Alison Premo Black, chief economist at ARTBA, said the 25% jump in contract value awards in 2022 reflects a large pipeline of projects in the works. **American Road & Transportation Builders Association**

Inflation accounts for part – maybe even half – of the increase, Black said. [Construction costs have spiked](#) since 2020, outpacing consumer inflation, though price increases for many materials began to slow in the second half of 2022.

But even with inflation, the increase stands out compared to past data, Black said. Over the last four years, for example, the average annual increase in contract value awards was 3%.

"This is a big outlier," Black said, noting that there are 4,000 additional projects for highway and bridges in the works.

"The number of projects is up, the value is up, and the value is up across 40 states," she said. "This is a very good sign for construction activity as work on these projects gets underway."

Total annual awards reached \$111.2 billion in 2022, according to ARTBA. That includes a 24% increase in highway value, up to \$79.8 billion, and a 26% jump in bridge value, to \$22.4 billion. The number of newly awarded highway and bridge

projects rose 12% last year, more than seven times the average annual increase over the previous four years, said ARTBA, which relies on Dodge Data and Analytics for the figures.

The activity is driven largely by the \$1.2 trillion Infrastructure Investment and Jobs Act, Black said. "You can't say its only IIJA, but clearly I think that is having an impact," she said.

The White House has said that more than \$195 billion of IIJA funds have been allocated so far, funding 20,000 projects, with President Biden [touting the infrastructure gains](#) in his annual State of the Union address last week.

In related news, the White House last week released a [calendar of IIJA funding](#) opportunities that will open in 2023, including the next round of grants for mega infrastructure projects, which will open in the spring.