

Tariff Strains on U.S. Transportation Projects

Costs, Project Management, and Supply Chain Realities

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Agenda

Materials Cost Impacts

Project Delays & Cancellations

Procurement & Supplier Shifts

Budget Overruns & Funding Reallocations

Regional Variations

Recommendations

Material Costs



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Hot-rolled coil steel prices spiked ~20% within weeks; U.S. prices 70–80% higher than Europe

Rebar prices rose 15–20%; steel-intensive components up 20–30%

Overall material costs jumped 20%+, adding 1.5–2.5% to total construction costs

Project Delays & Cancellations



25% of contractors reported cancellations; 60% delayed or cancelled projects due to cost spikes



Kansas and Maryland warned key projects may be sacrificed or delayed



Procurement lead times doubled; major metro areas report slowdowns in starts and permitting



Procurement & Supplier Shifts

Adopted price-escalation clauses for risk sharing; 13+ states using escalation clauses

Diversified suppliers: South Korea, Brazil, domestic mills, and recycled steel

Exploring material substitutions (fiber-reinforced polymer rebar, composites) and modular prefabrication

CONSTRUCTION CONTRACT

This Construction Contract Agreement (this "Agreement") is made as of the ____ day of _____, 20____ by and between _____, a(n) ☐ Individual ☐ Business Entity located at _____, _____, _____, ("Owner") and _____, a(n) ☐ Individual ☐ Business Entity located at _____, _____, _____, with contractor's license number _____, ("Contractor"). Owner and Contractor may each be referred to in this Agreement individually as a "Party" and collectively as the "Parties."

The Parties agree as follows:

1. Description of Work. Contractor shall perform the following described work at _____, _____, _____ (the "Property"), in accordance with Owner's contract plans and specifications, this Agreement and any Change Order, as defined herein, (collectively, the "Contract Documents"); _____ (Description of work) (the "Work").

Industry terminology used in any Contract Documents which are not defined shall be interpreted as having the same meaning as that recognized in the construction industry in the area where the Property is located.

2. Contract Price and Payments. Owner agrees to pay Contractor the total amount of \$_____, (the "Contract Price"). Payment of this amount is subject to additions or deductions in accordance with any mutually agreed to changes and/or modifications in the Work. Payment will be made by (Check one) ☐ cash ☐ personal check ☐ cashier's check ☐ money order ☐ credit card or debit card ☐ wire transfer ☐ other: _____, according to the following schedule:

Deposit (Check one)

☐ A deposit is NOT required.
☐ \$_____ deposit, due upon the execution of this Agreement.

Installments (Check one)

☐ There will be NO installment payments.
☐ Installment will be paid at set intervals, \$_____ due ☐ every week ☐ every month ☐ other: _____ from the completion of the Work.

☐ Installments will be paid upon the completion of the following milestones:

- \$_____ due upon _____ [Milestone]
- \$_____ due upon _____ [Milestone]
- \$_____ due upon _____ [Milestone]

Balance Due

\$_____ balance due upon completion of the Work.

3. Certificate of Completion. Work under this Agreement shall begin on _____, 20____, (☐ and shall be completed by _____, 20____). Upon completion of the Work, Contractor shall notify Owner

Budget Overruns & Funding Reallocations



Tariffs caused multi-million-dollar shortfalls; USITC estimates \$3.4 billion annual output loss



Fixed-price contracts eroded margins; agencies tapped contingencies and deferred projects



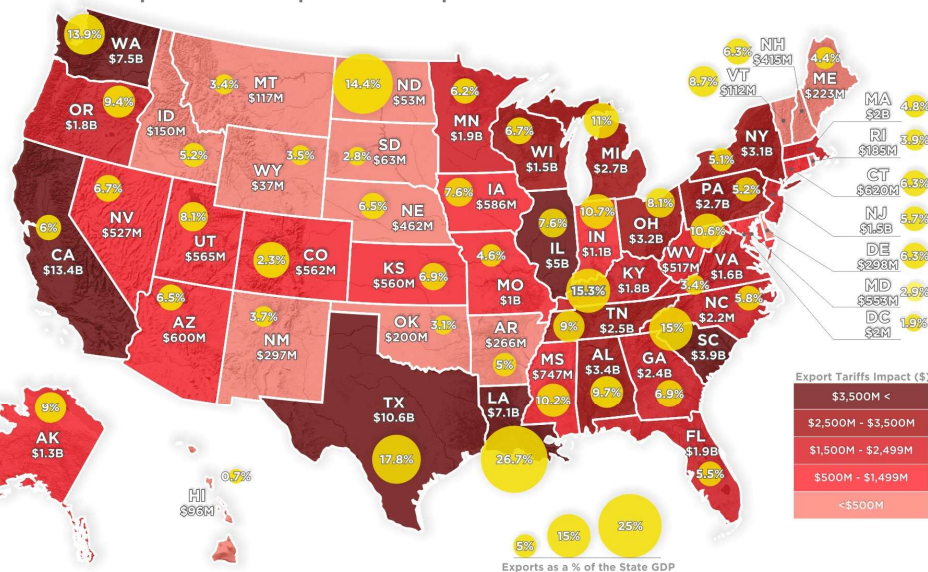
No federal tariff relief; creative financing and supplemental appropriations used



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Regional Variations

How Much Tariffs Could Cost Each State
Export Tariff Impact and Exports as a % of the State GDP



Coastal states saw greater shocks; inland regions buffered by domestic mills



Urban projects exposed to global supply chains; rural projects faced fewer direct impacts but thinner budgets



State responses varied: subsidies, stockpiles, policy advocacy

howmuch.net

Recommendations



Plan for volatility: add 10%+ material-cost contingencies and secure price locks



Strengthen risk-sharing: include escalation clauses to align owner and contractor interests



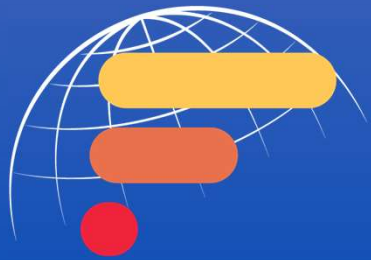
Diversify supply chains: alternative suppliers and material alternatives to reduce tariff exposure



Advocate and collaborate: push for tariff exemptions, increased funding, and pooled procurement



Optimize design: use modular construction, 3D printing, and value engineering for cost savings



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