Source: U.S. PIRG

Transportation infrastructure is good economic stimulus if spent correctly

> *"We will create millions of jobs by making the single largest new investment in our national infrastructure since the creation of the federal highway system in the 1950s. We'll invest your precious tax dollars in new and smarter ways, and we'll set a simple rule – use it or lose it."*
>
> *President-Elect Barack Obama radio address Dec 6th, 2008*

As a path to restoring economic prosperity, investment in transportation infrastructure makes a great deal of sense. The impact of last year's stimulus checks was small because most funds weren't spent and what was spent went largely to expensive gas.[1] Infrastructure is a far better stimulus than rebate checks. Unlike checks from the IRS, infrastructure projects are more likely to generate new economic activity and create jobs in construction industries which have been hit particularly hard by the housing meltdown. Few infrastructure activities can be readily outsourced overseas. And projects can reduce America's dependency on oil.

The transportation system greatly needs new investment. Much of America's transportation network was built in the 1950s as part of President Eisenhower's Interstate Highway system. Those projects were completed decades ago. However, a large portion of bridges and other construction now needs repair. Across the nation, over seventy thousand bridges (or 12 percent of all bridges) have been designated as structurally deficient.[2]

A well functioning and modernized transportation sector will be an important part of improved future productivity and energy security, and will reduce traffic congestion and global warming pollution. If investments are made properly, transportation infrastructure will both stimulate the economy and modernize it for the 21st century.

America has learned the hard way that economic recovery spending must be accompanied by rules that ensure serious change and accountability. Many have criticized the federal Treasury Department for dispensing hundreds of billions of dollars to financial institutions without rules to ensure that recipients would use the money to make new loans to businesses and homeowners. December's Congressional defeat of a proposed auto bailout package, in part, reflected a lack of confidence that public funds would produce necessary transformative outcomes.

The 2009 Economic Recovery package must similarly do more than pump dollars into the economy while enlarging a dysfunctional transportation system. Done right, transportation infrastructure spending will both stimulate the economy quickly and fund forward-looking priorities. To do so, spending provisions must assure that money will be well-spent.

Not every transportation dollar is equally well spent

When the economy is sagging, roads and bridges are crumbling, and public transportation systems are scrambling to keep up with booming demand, President-Elect Obama and others are right to recognize the need for investment. But it is critically

important how infrastructure money gets spent. It is not enough for Congress to simply spend money. In fact, the poorly thought out transportation policies of the past have contributed to many of America's most pressing problems. Consider:[3]

- Each year the average American living in an urban area spends 38 hours – nearly a full work weak – stuck in traffic delays, compared to 14 hours in 1982.
- With driving increasing over past decades, transportation has become the second biggest expense for the average household – even more than health care and just behind housing costs.
- Our transportation system is the chief source of our nation's addiction to oil, leaving America vulnerable to volatile prices and hostile foreign regimes.
- Cars and trucks are the biggest end-user source of global warming pollution, contributing to a third of the nation's emissions.

Clearly, not every infrastructure dollar is created equal. New and wider highways increase oil consumption and eventually increase congestion at choke points.[4] Meanwhile, rail, rapid buses, and other forms of public transportation are more efficient ways to move people and goods. Already public transportation saves billions of gallons of gasoline each year, prevents hundreds of millions of hours of traffic delay, and avoids tens of millions of tons of global warming pollution.[5]

Americans have clearly expressed their desire for more and better public transportation. A poll by the National Realtors Association found that 75 percent of those surveyed believed that improving public transit and building communities that require less driving are the best solutions for reducing traffic, while only 21 percent—one in five—believed that building new roads was the best solution.[6] Last November, this public sentiment was translated into victories for more than 70 percent of ballot questions for new spending on public transit.[7]

Recent transportation trends strongly reflect these preferences. Per-capita driving began declining even before the spike in gas prices in 2007 and 2008.[8] Transit ridership has grown steadily to new records, rising 6.5 percent in the last quarter despite declining gas prices. Amtrak intercity rail has similarly seen six straight years of record growth.[9] These increases are all the more remarkable considering how budget-strapped transit agencies have often had to cut service, even in the face of booming ridership. Last year 85 percent of surveyed agencies struggled to maintain capacity and two-thirds said funds were insufficient to meet increasing demand.[10]

The fastest possible way to get transportation funds into the economy is to restore transit services and fares that were in place just last year, before state and local budget cuts forced agencies to cut services and raise fares. These jobs are more than just “shovel-ready.” The vehicles and staff were already running and can get to work again on very short notice. This kind of spending has a triple benefit for stimulating the economy: it preserves transportation jobs, increases spending power for the record number of American transit users, and helps connect workers to jobs.

These forward-looking transportation options are ready to go when economic recovery dollars are made available. A survey of 216 public transit systems by the American Public Transit Association identified over 700 transit projects that could be initiated within 90 days of federal funding. Totaling $12.2 billion, these projects would create and support 340,000 American jobs. If, as President-elect Obama has stated, a two year recovery period is considered, a total of $47.8 billion worth of public transit projects have been identified that would yield over 1.3 million jobs.[11] And these figures do not even include intercity rail of the kind that President Obama and Vice President will travel on to the Inauguration.

Smart investments in road and bridge repair as well as on transit projects are also best at achieving the goal of the stimulus legislation to generate large numbers of jobs. In fact, evidence suggests that public transit generates 19 percent more jobs than spending the same money on highway expansion.[12] Road repair and maintenance generates 9 percent more jobs than constructing new highways. This makes sense because repair jobs are more labor-intensive, working with existing structures rather laying down larger quantities of (often imported) concrete and steel. Road expansion projects may be even less efficient job creators than these studies indicate. Estimates of job creation fail to consider that nearly ten percent of new road costs are diverted to purchases of land and rights of way that generate few jobs. Likewise, the more-sprawling forms of development that tend to accompany new highways are themselves typically less labor-intensive to construct.[13]

Troubling indications from state wish lists

Simply sending economic recovery funds for transportation to the states without spending rules that reflect national priorities and without accountability mechanisms will not ensure the most effective spending. We know this based on what the states themselves say they would do with the money.

As part of developing a stimulus plan, states have been asked to develop “ready to go” lists of transportation projects on which funds could be spent if made available. These lists have been collected by a national coalition of transportation reform groups.[14] They have been obtained for analysis for: Alabama, California, Colorado, Florida, Georgia, Idaho, Kansas, Maine, Massachusetts, Missouri, Nebraska, New York, North Carolina, South Carolina, Tennessee, Texas, Utah, and Wisconsin. Together, these states constitute 56 percent of the U.S. population.[15] Summarized at the back of this report, these lists are not necessarily complete; but they provide a snapshot of how money would be spent without additional stipulations.

The findings and conclusions of our analysis of the lists are troubling. In almost every state, there is a yawning gap between the kind of projects the states have queued up for stimulus money and the most-urgent priorities for bringing the nation’s transportation into the 21st century.

Road and bridge repairs shortchanged in favor of lane widening, new roads – Of the fourteen states for which sufficient data were available to analyze the allocation of road project funding, only Massachusetts would completely prioritize road funds toward repair and maintenance projects. Colorado, in second place, still

would divert almost 13 percent of road funds away from repair and maintenance. On average, states would allocate 56 percent of road funds away from repair and maintenance. Adding up total spending on state wish lists, funds for new or wider roads would be more than two and a half times greater than those for preserving existing assets. Florida, Kansas, South Carolina, Utah and Wisconsin would spend less than a quarter of road funds on repair and maintenance. (See Table 1)

Public transit takes a back seat – For the nineteen states with available lists, the average state would spend more than 77 percent of funds on highways and only seventeen percent on public transit or intercity rail.[16] In fact, seven states would allocate 1 percent or less toward these growing transportation modes, including four that would allocate nothing at all. Florida, with dozens of much-needed transit and intercity rail projects and more transit agencies than all but three states would allocate only 1 percent of funds to transit. These distributions represent a step backward from the already inadequate 20 percent share of funding in federal transportation laws since the 1970s. It also sharply contrasts with the long-term decline in automobile use and ridership records for transit and intercity rail. (See Table 2)

Beyond what we see in these lists, it is troubling what we don't see. There is no good reason why less than half of states' lists have become available to the public. Since the public will ultimately be asked to pay for the billions in economic recovery spending, it is imperative that project lists from all 50 states be fully transparent and accessible.[17]

Six guidelines for a smart stimulus

Short-term and long-term considerations for jobs and broader economic modernization suggest the same guidelines. In order to ensure effective stimulus spending and to prevent misallocation of funds that would undermine economic recovery goals, six basic guidelines should be followed:

1. **Spending for roads should prioritize fixing existing assets** – The country's crumbling bridges and roadways should be fixed before building new roads.
2. **The combined total for public transit, intercity rail, pedestrian and bike travel should be no less than funds for cars and trucks**. Looking toward the future, America must shift to more travel to rail, bus, and other forms of energy-efficient transportation. The net effect of transportation spending should reduce, not increase, America's consumption of oil.
3. **Include public transportation operations to preserve jobs and record ridership** – Federal support of operations during the recovery period will quickly protect transit jobs while maintaining systems to efficiently and cheaply connect workers with jobs.
4. **Spend at the local level –** Local metropolitan areas know best about where to allocate funds for their areas. Highway dollars allocated through the Surface Transportation Program should be distributed according to current law so that a portion of funds will be allocation through metropolitan areas.

5. **Transparent decision making** – States, localities and agencies who receive funds should publicly disclose their stimulus request lists and the criteria used to request funds and then spend them.
6. **Report on how money gets spent** – direct recipients must report on how economic recovery funds were spent, the jobs created, and the impact on oil consumption.

Conclusion

The neglect of backlogged road and bridge repairs public transit service in states' stimulus wish lists does not reflect urgent national priorities outlined by President-elect Obama or congressional leaders for an economic recovery. States like Massachusetts demonstrate that it is possible for states to spend on more effective and far-sighted projects. Whatever other states' reasons, their Departments of Transportation are not omitting transit or repair projects because of a lack of "ready to go" opportunities. Nor would these more-forward-looking projects produce fewer jobs than highway expansion.

The economic recovery package will present an opportunity to advance widely recognized, new transportation priorities for the 21st century. National and state leaders must ensure that it does not become merely an expensive way to enlarge our present problems.

Table 1: Road Spending on New Capacity versus Repair and Maintenance

	Road spending projects				
State	Total ($ millions)	New capacity		Repair/rehab/ maintenance	
		$ (millions)	%	$ (millions)	%
Alabama	$877				
Arizona	$869	$432	49.7%	$437	50.3%
California	$696	$219	31.3%	$478	68.7%
Colorado	$1,166	$146	12.5%	$1,020	87.5%
Florida	$6,890	$5,400	78.3%	$1,529	21.7%
Georgia	$2,176	$675	31.0%	$1,501	69.0%
Idaho	$804	$420	52.2%	$384	47.8%
Kansas	$1,300	$983	75.6%	$306	24.4%
Maine	$222				
Massachusetts	$233	$0	0.0%	$233	100.0%
Missouri	$750	$517	68.9%	$233	31.1%
Nebraska	$370				
New York	$1,830				
North Carolina	$5,167	$3,426	66.3%	$1,741	33.7%
South Carolina	$3,240	$2,606	80.4%	$634	19.6%
Tennessee	$950				
Texas	$6,041	$3,440	56.9%	$2,601	43.1%
Utah	$7,800	$7,560	96.9%	$240	3.1%
Wisconsin	$3,470	$2,998	86.4%	$472	13.6%
TOTAL		*$28,821*		*$11,809*	
Average state portion			***56.2%***		***43.8%***

Table 2: Spending on Highways, Transit and Rail, Bicycle and Pedestrian, and Aviation/Other

State	Total on list (million $)	Roads		Transit/Intermodal (including all rail)		Bike/Ped		Aviation and other	
		$ (millions)	$	$ (millions)	%	$ (millions)	%	$ (millions)	%
Alabama	877	877	100.0%	0	0.0%				
Arizona	1,234	869	70.4%	9	0.7%			356	28.9%
California	1,148	696	60.6%	426	37.1%			26	2.3%
Colorado	1,424	1,166	81.9%	144	10.1%			113	8.0%
Florida	6,970	6,890	98.9%	71	1.0%				
Georgia	3,444	2,176	63.2%	1,201	34.3%	22	0.6%	45	1.3%
Idaho	804	804	100.0%	0	0.0%				
Kansas	1,300	1,300	100.0%	0	0.0%				
Maine	325	222	68.3%	59	18.1%	9	2.8%	35	10.8%
Massachusetts	783	233	29.7%	369	47.1%	18	2.2%	164	21.0%
Missouri	800	750	93.8%	39	4.9%	6	0.8%	5	0.1%
Nebraska	370	370	100.0%	0	0.0%				
New York	3,701	1,830	49.4%	1,761	47.6%			110	3.0%
North Carolina	6,202	5,167	83.3%	630	10.2%	26	0.0%	379	6.1%
South Carolina	3,240	3,240	99.3%	23	0.7%				
Tennessee	1,698	950	56.0%	634	37.3%			114	6.7%
Texas	6,210	6,041	97.3%	142	2.3%	28	0.0%		
Utah	10,080	7,800	72.2%	3,000	27.8%				
Wisconsin	7,603	3,470	45.6%	3,300	43.4%			830	10.9%
TOTAL	*$58,213*	*$44,851*		*$11,807*		*$108*		*$2,177*	
Average state value			*77.4%*		*17.0%*		*0.3%*		*5.2%*