Economics & Research

MEMO

ARTBA: The Leading Source of U.S. Transportation Construction Market Research

TO: CONGRESSIONAL STAFF

FROM: WILLIAM BUECHNER, VP, ECONOMICS AND RESEARCH

DATE: JANUARY 12, 2010

RE: ARRA HIGHWAY AND TRANSIT FUNDS JOBS IMPACT

Investments in highway and public transportation capital improvements are major generators of employment and economic activity. Accordingly, surface transportation investment should be the foundation of any legislation intended to address the U.S. joblessness crisis.

The U.S. Department of Transportation (DOT) has conclusively documented that investment needs in both of these areas far exceed current funding levels. Furthermore, calculations from the Federal Highway Administration and the American Public Transportation Association show each $1 billion invested in either the federal highway or public transportation programs supports roughly 30,000 jobs.

ARTBA members, of course, design, build and manage both transit and highway projects. As such, the association finds efforts by other organizations to denigrate the value or "correctness" of investments in one mode or the other extremely counterproductive, serving only to create political divisions where none should exist.

Unfortunately, that was apparently the motivation behind the recently released report, "What We Learned From The Stimulus," by the U.S. Public Interest Research Group (USPIRG), Smart Growth America (SGA), and the Center for Neighborhood Technology (CNT). The document purports to analyze the jobs impact of American Recovery and Reinvestment Act (ARRA) funds invested in surface transportation projects.

This analysis of their report is intended to do three things: (1) draw attention to a fundamental flaw that renders their conclusion and recommendation for future ARRA investment and policy actions unsupportable; (2) reinforce the recommendation of the U.S. Government Accountability Office (GAO) that greater direction and oversight is needed to ensure that the ARRA reports being submitted by state and local transportation agencies are consistent and accurate; and (3) most importantly, support the position that robust investments in both highway and public transportation improvements are essential to addressing the nation's employment challenges.

Summary

USPIRG-SGA-CNT recently issued a report asserting that ARRA transit funds support almost twice as many jobs per billion dollars invested as funds invested in highway and bridge improvements. The report concludes future stimulus acts would support more jobs per billion dollars by providing a larger share of stimulus money for transit and a smaller share for highway improvements. ARTBA's analysis found the transit job numbers reported by state and local governments and used by USPIRG-SGA-CNT are unreliable. As such, the conclusion of their report cannot justifiably be used as a basis to make any policy decisions about the future allocation of stimulus funds between highways and transit.

Background on USPIRG-SGA-CNT Report

The USPIRG-SGA-CNT results are based on ARRA data released December 10, 2009, by the Transportation & Infrastructure (T&I) Committee of the U.S. House of Representatives. The data, which come from reports submitted by the states, include measures of the flow of ARRA highway and transit funds as of October 31, 2009, as well as data on the number of jobs and amount of income supported by ARRA-funded projects.

For their study, USPIRG-SGA-CNT added up the number of full-time equivalent jobs reported by the states as being supported by ARRA highway funds and by ARRA transit funds; added up the value of all projects under contract in both areas; and calculated the number of jobs supported by each billion dollars under contract. They found that each billion dollars of transit projects under contract supported 16,419 job-months while each billion dollars of highway projects supported only 8,781 job-months.

There are, however, such serious problems with the transit spending and job data used by USPIRG-SGA-CNT for their study that none of the conclusions drawn by USPIRG can be supported[1].

The main problem is transit agencies do not appear to have used consistent procedures to calculate and report transit-supported jobs. ARRA transit capital funds were apportioned among hundreds of local transit agencies. Each local agency calculated the number of jobs and payrolls supported by ARRA funds and reported to the state, which aggregated the reports and submitted the totals. The transit job data show such wide variation among the states that they are virtually useless for drawing any conclusions about jobs or payrolls supported by ARRA transit funds. By contrast, most of the ARRA

[1] This analysis focuses on the jobs data associated with ARRA Transit Capital Assistance funds, which comprised about 80 percent of total ARRA funding for transit. Similar results, however, hold for Fixed Guideway funds, which comprised about 10 percent of the total. No jobs data were available for the New Starts program, which comprised about 10 percent of total ARRA transit funding.

highway funds were apportioned to the states, which made the job calculations themselves. The results are far more consistent, although also with flaws.

A recent GAO report[2], in fact, found fault with ARRA job estimating procedures and results by agencies across the board[3]. Problems were found with questionable data entries, missing reports, lack of reviews, and inconsistent calculation of full time equivalent employment. In response, the Office of Management and Budget has issued revised guidelines and procedures for calculating the job impact of ARRA funds[4]. According to December 10, 2009, GAO testimony before the House T&I Committee: "Through our ongoing audit work, GAO continued to find confusion among [transit] recipients about how to calculate the numbers of jobs created and saved that is required by the Recovery Act reporting requirements."

ARTBA Analysis

ARTBA's review of the ARRA jobs data reported by the states substantiates the GAO findings. The following are some of the results of an in-depth analysis of the highway and transit job data reported by the states and local governments:

1. There is much more variation among states in the reported number of jobs supported by ARRA transit funds than by ARRA highway funds. Figures 1a and 1b illustrate state-by-state reports of jobs per billion of highway and transit dollars under contract – i.e., the data cited by USPIRG-SGA-CNT. The average number of jobs supported by transit funds (the dotted horizontal line) is higher than that for highways, as USPIRG-SGA-CNT calculated, but the variation among states in the transit data is five times the variation in the highway data. If the transit agencies had been using consistent procedures to calculate ARRA-supported jobs, the state-by-

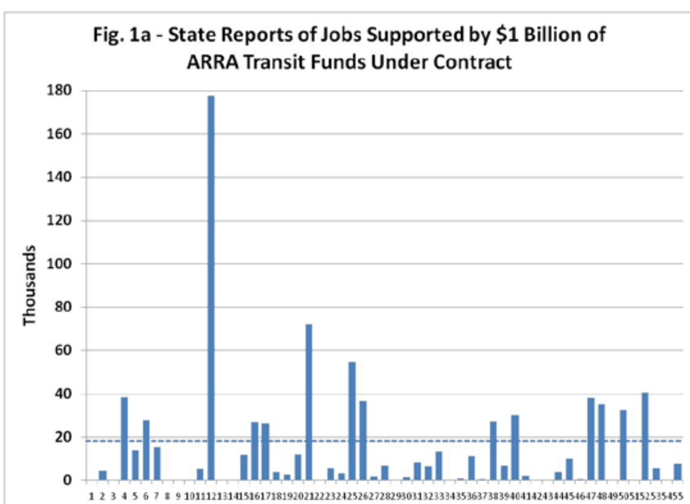

Fig. 1a - State Reports of Jobs Supported by $1 Billion of ARRA Transit Funds Under Contract

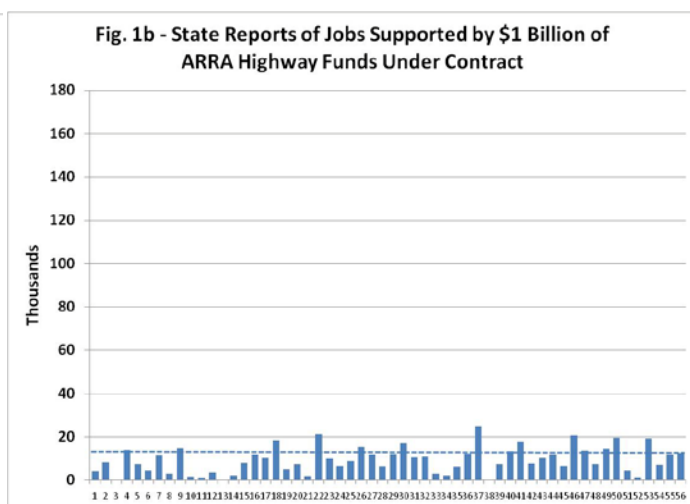

Fig. 1b - State Reports of Jobs Supported by $1 Billion of ARRA Highway Funds Under Contract

[2] Government Accountability Office. "Recovery Act: Recipient Reported Jobs Data Provide Some Insight into Use of Recovery Act Funding, but Data Quality and Reporting Issues Need Attention." Report # GAO-10-223, November 2009.

[3] However, the report said "Although there were problems of inconsistent interpretations of the guidance, the reporting process went well for highway projects." GAO report summary page 2.

[4] Office of Management and Budget, Memorandum M-10-08, issued December 18, 2009

state results should have shown much less variation than in Figure 1a. State by state data are provided in Table 1 at the end of the memo.

2. The ARRA transit data show significant inconsistencies. One of GAO's main concerns with the ARRA jobs data is that many agencies, not just transportation agencies, reported jobs and payroll numbers without reporting any expenditure of ARRA funds. As Table 2 shows, a number of states reported transit-supported jobs while showing little or no expenditure of transit capital funds. There were no such instances in the highway data. Furthermore, the state-by-state variation in the number of jobs supported per billion dollars of transit outlays is even greater relative to the highway data than was shown in Figure 1.

Table 2

State	ARRA Transit Funds Outlayed	Number of Jobs Supported	Jobs per $Billion of Outlays
Alabama	$158	1	6,329,100
Idaho	$39,903	9	225,547
Mississippi	$84,236	23	273,042
Nevada	$0	359	NA
Puerto Rico	$0	2	NA

3. There were also problems with the state-by-state data on payrolls supported by ARRA transit funds. A number of states reported transit-supported payroll amounts without reporting any expenditure of transit funds, or reported payrolls in excess of expenditures. These states are shown in Table 3. In addition, Georgia reported that payrolls absorbed 100 percent of transit outlays despite the fact that almost every Georgia transit agency reported using ARRA funds mainly to purchase new or replacement buses. There were also instances of inconsistency between the jobs and payroll data, with some states reporting significantly more jobs than payroll and some reporting just the opposite.

Table 3

State	ARRA Transit Funds Outlayed	Payrolls of Jobs Supported	Payroll as Percent of Outlays
Alabama	$158	$7,735	4,889.2%
Idaho	$39,903	$72,886	182.7%
Michigan	$10,519,263	$31,873,634	303.0%
Nevada	$0	$3,247,997	NA
Puerto Rico	$0	$2,140	NA
Virginia	$3,692,569	$4,522,574	122.5%
Georgia	$14,776,228	$14,776,228	100.0%

4. Table 1 shows significant disparities within some states on the ratio of jobs supported by transit and highway investments, which further calls into question the reporting practices of recipients. While there will inevitably be differences among the states and between the modes in terms of employment impacts, reliable reports would have less extreme deviations. For example, Georgia reports that $14 million of transit projects are under contract and $517 million of highway projects, but the transit projects are reported as supporting 2,500 full-time equivalent jobs versus only 1,830 for the highway projects. On a jobs-per-billion-dollar basis, the ratio turns out to be 50 to 1. The California data show a similar anomaly – while the value of highway projects under contract is more than double the value of transit projects, the state's data indicate the transit projects are supporting almost triple the number of jobs as the highway projects, a ratio of six to one on a jobs-per-billion-dollar basis. There are anomalies in the other direction as well, although not so extreme.

Going Forward

The fact that some reports from states and localities about the job supporting impacts of the ARRA transportation investments are questionable should in no way obscure the undeniable truth that these funds are having an unprecedented impact in employing people whose jobs otherwise would not exist or would be in jeopardy. It is also undeniable that $15 billion in recovery act highway funds and more than $4 billion in public transportation funds are currently supporting transportation improvements and boosting the economy. The House T&I Committee projects the ARRA's highway investments will support 765,000 jobs and public transportation investments will support 262,700 jobs. The powerful impact of both of these activities in generating employment and economic activity should be the focus of any debate about future jobs legislation, rather than instigating a modal conflict based on inconsistent employment reports.

Table 1 - Jobs Supported by Transit and Highway Projects Under Contract, by State

	Transit Projects			Highway Projects		
State	Recovery Act Funds Associated with Transit Projects Under Contract	Direct, On-Project Jobs Created or Sustained (Full-Time-Equivalent Job Months)*	FTE Job-Months per $Billion under Contract	Recovery Act Funds Associated with Highway Projects Under Contract	Direct, On-Project Jobs Created or Sustained (Full-Time-Equivalent Job Months)*	FTE Job-Months per $Billion under Contract
ALABAMA	$4,282,489	1	233.5	$384,440,918	1,563	4,065.6
ALASKA	$19,164,284	83	4,331.0	$90,848,475	751	8,266.5
ARIZONA	$11,591,101	444	38,305.2	$207,273,964	2,900	13,991.1
ARKANSAS	$11,056,188	155	14,019.3	$158,802,101	1,206	7,594.4
CALIFORNIA	$535,451,770	14,873	27,776.5	$1,167,779,789	5,305	4,542.8
COLORADO	$79,546,530	1,225	15,399.8	$244,290,025	2,811	11,506.8
CONNECTICUT	$11,764,155	0	0.0	$198,493,567	578	2,911.9
DELAWARE	$6,540,501	0	0.0	$53,078,683	784	14,770.5
DC	$109,754,722	11	100.2	$93,183,045	165	1,770.7
FLORIDA	$74,373,137	384	5,163.2	$843,559,983	909	1,077.6
GEORGIA	$14,033,829	2,490	177,428.4	$516,913,910	1,828	3,536.4
HAWAII	$2,888,831	0	0.0	$34,852,292	80	2,295.4
IDAHO	$768,589	9	11,709.8	$100,126,097	808	8,069.8
ILLINOIS	$327,265,726	8,837	27,002.5	$665,534,483	7,826	11,759.0
INDIANA	$49,746,389	1,314	26,414.0	$371,156,629	3,818	10,286.8
IOWA	$28,964,385	115	3,970.4	$322,936,611	5,945	18,409.2
KANSAS	$9,850,295	27	2,741.0	$225,065,271	1,146	5,091.9
KENTUCKY	$32,212,832	388	12,044.9	$285,414,363	2,182	7,645.0
LOUISIANA	$22,667,414	1,636	72,174.1	$227,485,714	466	2,048.5
MAINE	$10,813,176	0	0.0	$130,752,032	2,782	21,276.9
MARYLAND	$85,881,996	487	5,670.6	$256,653,889	2,574	10,029.1
MASSACHUSETTS	$75,711,267	247	3,262.4	$113,841,776	768	6,746.2
MICHIGAN	$43,284,312	2,362	54,569.4	$493,699,699	4,382	8,875.8
MINNESOTA	$63,455,389	2,327	36,671.4	$344,025,151	5,274	15,330.3
MISSISSIPPI	$11,190,381	23	2,055.3	$284,653,997	3,325	11,680.8
MISSOURI	$30,356,466	213	7,016.6	$390,262,283	2,538	6,503.3
MONTANA	$4,037,481	1	247.7	$129,982,025	1,565	12,040.1
NEBRASKA	$9,750,762	15	1,538.3	$133,273,619	2,286	17,152.7
NEVADA	$42,524,290	359	8,442.2	$72,389,976	769	10,623.0
NEW HAMPSHIRE	$11,190,534	76	6,791.5	$120,044,259	1,294	10,779.4
NEW JERSEY	$199,570,000	2,706	13,559.2	$452,038,009	1,346	2,977.6
NEW MEXICO	$18,553,519	0	0.0	$149,043,476	348	2,334.9
NEW YORK	$898,694,496	636	707.7	$627,151,502	3,863	6,159.6
NORTH CAROLINA	$30,399,218	337	11,085.8	$435,674,398	5,339	12,254.6
NORTH DAKOTA	$4,908,794	2	407.4	$86,289,526	2,148	24,892.9
OHIO	$96,973,610	2,642	27,244.5	$394,855,330	3,026	7,663.6
OKLAHOMA	$19,578,206	136	6,946.5	$405,717,165	5,472	13,487.2
OREGON	$57,535,129	1,744	30,311.9	$177,309,526	3,169	17,872.7
PENNSYLVANIA	$210,936,778	444	2,104.9	$882,861,952	6,852	7,761.1
RHODE ISLAND	$2,100,000	0	0.0	$99,338,057	1,154	11,616.9
SOUTH CAROLINA	$12,037,111	48	3,987.7	$255,281,202	1,699	6,655.4
SOUTH DAKOTA	$3,151,380	32	10,154.3	$92,970,303	1,922	20,673.3
TENNESSEE	$38,123,945	15	393.5	$477,463,321	6,520	13,655.5
TEXAS	$238,105,893	9,102	38,226.7	$1,044,938,964	7,937	7,595.7
UTAH	$45,045,144	1,593	35,364.5	$196,760,460	2,878	14,626.9
VERMONT	$3,232,633	0	0.0	$93,804,405	1,843	19,647.3
VIRGINIA	$35,068,178	1,139	32,479.6	$249,001,376	1,102	4,425.7
WASHINGTON	$135,260,196	5,509	40,728.9	$313,960,222	6,033	19,215.8
WEST VIRGINIA	$9,805,705	54	5,507.0	$170,568,000	1,223	7,170.2
WISCONSIN	$38,512,510	0	0.0	$357,875,623	4,181	11,682.8
WYOMING	$4,747,345	37	7,793.8	$155,966,058	1,961	12,573.2
PUERTO RICO	$22,666,449	2	88.2	$17,043,964	176	10,326.2
N MARIANA	$0	0		$4,500,000	0	0.0
VIRGIN ISLANDS	$0	0		$8,578,393	11	1,282.3
U.S. TOTAL	**$3,865,125,460**	**64,280**	**16,630.8**	**$15,809,805,858**	**138,831**	**8,781.3**

Source: ARTBA analysis of Recovery Act reporting data