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PROJECTS and PAYCHECKS

A one-year report on
State Transportation Successes
under the American Recovery
and Reinvestment Act



February 2010

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At-a-Glance

During the first year of the American Recovery and Reinvestment Act of 2009, states and transit agencies have produced real jobs and real improvements to the nation's transportation infrastructure.

State departments of transportation have shown that they can get the job done, on time and under budget.

The Facts⁽¹⁾:

- As of December 31, \$26.4 billion, or 77 percent of the \$34.3 billion provided for highways and transit, has been put out to bid on 12,250 projects.
- Within this total, 10,600 projects (totaling \$22.6 billion) are under contract.
- Across the nation, work has begun on 9,240 projects totaling \$20.6 billion—60 percent of the total available highway and transit formula funds.
- Work has been completed on 3,150 projects.
- The Federal Highway Administration reports that as of January 29:
 - 11,100 highway projects have won federal approval to proceed;
 - 7,050 highway projects are under contract or ready to proceed; and
 - 2,140 highway projects are already completed.
- As of February 4, the Federal Transit Administration reported:
 - It had obligated \$7.23 billion of its recovery funding to over 700 projects, nearly 87 percent of available funding.
 - Another 220 project applications, valued at \$1.07 billion, were under review. If approved, FTA will have distributed \$8.3 billion to over 920 projects nationwide.
- Bids have come in across the country at 10 to 30 percent under estimates, leading to more work being accomplished.

State Improvements Are Leading to Long-Lasting Results

As of January 7, 2010:

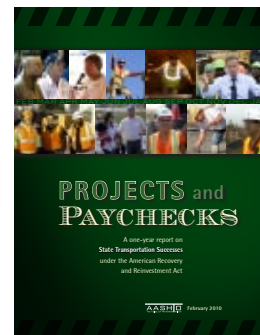
- 1,125 bridges had been improved, replaced, or newly constructed.
- 21,400 miles of pavement were either improved, resurfaced, or widened.
- 1,700 safety traffic management projects were implemented.
- Over 630 miles of bike lanes, sidewalks, or environmental mitigation projects were underway.
- 7,450 buses have been purchased and 1,637 bus shelters constructed.

Real People Are Working Real Jobs

- 280,000 direct, on-project jobs have been created or sustained across the country.
- Total employment from these projects, which includes direct, indirect, and induced jobs, reaches almost 890,000 jobs.
- Nearly 70 percent of transportation contractors received recovery work.

(1) Data supplied by the House Transportation and Infrastructure Committee, based on state reporting. Other data from FHWA, FTA, and FRA.

CONTENTS



Message from AASHTO's President

States Get the Job Done.....	iv
------------------------------	----

Foreword from AASHTO's Executive Director

Investing in Transportation Pays Off	v
--	---

Introduction

The Untold Transportation Success Stories of Economic Recovery.....	vii
---	-----

Chapter One

Recovery—One Year, 10,000 Projects.....	1
---	---

Chapter Two

Constructing Jobs: The People Behind the Stimulus Numbers.....	7
--	---

Chapter Three

The Long-Lasting Benefits for Long-Term Recovery.....	11
---	----

Chapter Four

Looking to the Future and Longer-Term Solutions.....	19
--	----

Appendices

State-by-State Data.....	21
--------------------------	----

Acknowledgments

The real story of the first year of the American Recovery and Reinvestment Act is about people: the people whose jobs were saved or who went back to work; the people who were able to make their mortgage payment; the people who bought health insurance to care for an ailing relative. These men and women are the untold success stories of ARRA—the faces behind the numbers. Without ARRA, hundreds of thousands of workers—employed by state DOTs, by contractors and subcontractors, by manufacturers of everything from asphalt to pipes—would have seen few bright spots last year. With ARRA, they not only received a paycheck, paid their taxes and spent money in their communities, they made real and lasting improvements to the roads, bridges, interstates, buses, and transit systems we all rely on to go to work, take kids to school, deliver milk and bread, and ensure that the ambulances and fire trucks get to our doors. This report is dedicated to them.

AASHTO gratefully acknowledges the information and photographs provided by the state departments of transportation, the data provided by the House Committee on Transportation and Infrastructure, Federal Highway Administration, and Federal Transit Administration, as well as the work of Alan Greenblatt in the development of this report.

States Get the Job Done

By Larry “Butch” Brown, AASHTO President, and Director of the Mississippi DOT

The impact and importance of the American Reinvestment and Recovery Act (ARRA) has been invaluable—both for my state and for all the states across the country represented by AASHTO. Its enactment one year ago provided the stepping stone we needed to move forward and build good transportation projects while creating jobs that may have gone by the way-side had it not been for ARRA funding.



Larry ‘Butch’ Brown, AASHTO President

In Mississippi, the stimulus funding came just at a time when the economy was slowing down and our construction contracts were running out because we were running out of dollars. When we received the green light to proceed last February, my state felt it was very important for us to move quickly and show evidence of using stimulus dollars as soon as possible. We immediately put some paving and management programs in place so that the people of Mississippi could see jobs and see people at work. Then we focused on short-term and short-delivery projects. Then we focused on those we could deliver in a year or 18 months

The transportation agencies were the poster child for stimulus. Even though we only received a small portion of the dollars, we were the most visible.

Across the country, the recovery program will leave a lasting transportation legacy. People will be driving on the newly paved roads for decades or traveling over bridges for another 100 years. Transit services will be sustained and facilities improved. In short, for every transportation dollar spent now, we are giving something back that will be permanent for the future.

But we have much more to do. We would like to see a second jobs’ creation bill that includes more for transportation: one that would allow us to embark on well-planned, larger projects that are long-needed; one that would provide longer-term employment for the folks involved in improving the bridges, highways, and transit services we need.

As president of AASHTO, I think I can speak for all my colleagues and say that we are proud of our work over the past 12 months—and we are ready and more than able to continue to get the job done, on time and to the benefit of our communities.

FOREWORD

By John Horsley, AASHTO Executive Director

Investing in Transportation Pays Off

Investment in transportation has turned out to be one of the fastest and most effective ways to create jobs under the American Reinvestment and Recovery Act (ARRA). Monthly reports gathered by the House Transportation and Infrastructure Committee from states, metropolitan planning organizations, and transit agencies show that as of December 31, 2009, 10,600 highway and transit projects were under construction totaling \$20.6 billion. The Committee determined that these projects had created or sustained more than 280,000 direct, on-project jobs; and when indirect and induced jobs are counted, total employment from this investment reached over 890,000 jobs. Although transportation received only 6 percent of total recovery act funding, it represents more than 24 percent of the jobs created by the Act so far.

Looking at highway investment alone, continuing progress has been made in putting stimulus funding to work. As of January 29, 2010, \$24 billion in highway dollars had been obligated, out of the total of \$26.8 billion made available to states. Of the 11,100 projects obligated, 2,140 projects had been completed, and 6,893 projects were under contract. Every state made the deadline to obligate at least half of the funds they received by June 30, 2009. One hundred percent of their projects will have to be obligated by March 2, 2010.

Does this work translate into true recovery? If unemployment in the construction industry overall stands at over 22 percent today, a legitimate question to ask is whether stimulus investment in transportation has made a difference or not. The answer is clearly yes.

Unemployment for construction workers in America increased by nearly 600,000 by the end of 2009 to two million, up from 1.43 million in December 2008. That increase took place because of a huge drop in private construction activity. In 2009, housing and commercial construction both came to a virtual standstill. According to the U.S. Census Bureau as of December 2009, "Overall construction spending was at the lowest level in six years."

So what is the picture for transportation construction? According to the Census Bureau, "Public construction, fueled by recovery act dollars, was 5.7 percent higher in November 2009 than November 2008. Spending on highways and transit construction projects rose by \$9.2 billion."



John Horsley, AASHTO Executive Director

According to Alison Black, senior economist for the American Road and Transportation Builders Association, “Recovery funding has been the lifeline that has, thus far, kept much of the industry afloat during the economic downturn.” She added that while federal recovery funds have added jobs, many state transportation departments have been forced to reduce state-funded contracts due to a fall-off in state revenues.

What the data shows is that hundreds of thousands of jobs have been created or preserved through over 10,600 highway and transit recovery act projects under way in all 50 states. Since then, contracts have been let and even more projects are underway. As this report will show, there is no question that investing in transportation infrastructure has been fast and effective.



Tennessee Governor Phil Bredesen breaks ground on an economic recovery bridge project with subcontractor John Allen and his grandchildren.

INTRODUCTION

The Untold Transportation Success Stories of Economic Recovery

There are many ways to measure the success of transportation spending under the economic recovery program.

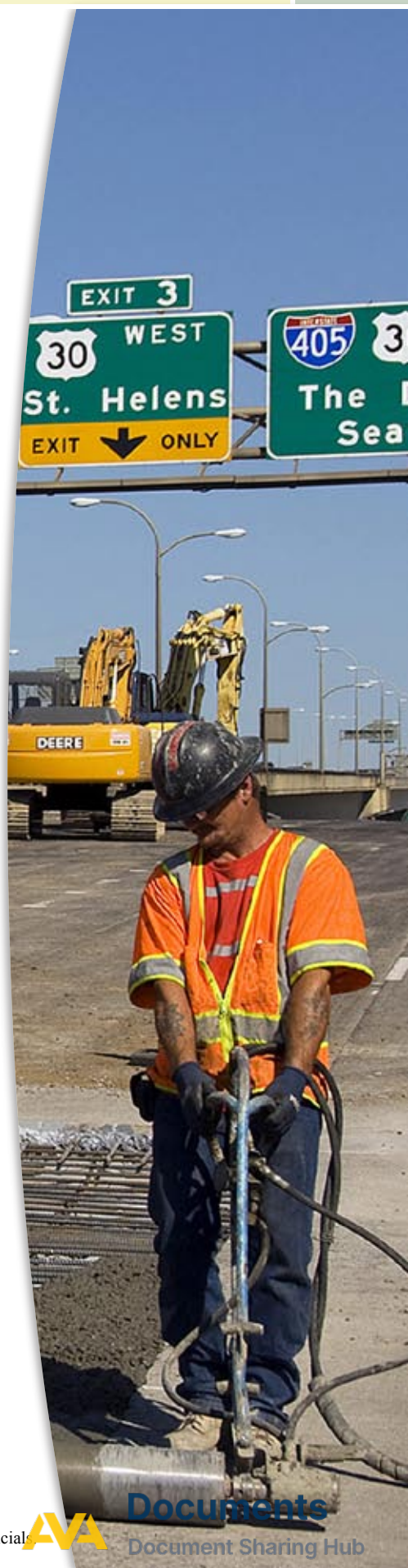
- **The projects**—miles of bad road improved, bridges repaired, aging interstates rebuilt or made safer, new access to boost a community's economic growth. Lasting improvements to our transportation system.
- **The paychecks**—workers who find a job after months of unemployment; contractors who by winning a bid can keep employees on the job, and recall others perhaps laid off; suppliers who provide concrete, asphalt, and steel; local diners, laundromats, grocery stores where people spend their pay.
- Finally, **the people**—who gain an hour a day from a better commute; who drive on safer highways and bridges; who see new jobs result in the economy and new opportunities to grow.

The first year of transportation investment under the American Reinvestment and Recovery Act is not just about numbers, the faces, the state-by-state results of taxpayer dollars well spent—although they are all important. It is really about the American spirit—people ready and eager to work for the ultimate good of the entire country.

The message is clear. Working with federal and local partners and the transportation industry, states delivered good jobs and good projects at an astonishing pace—11,000 projects in a year; resulting in payrolls of more than \$1.4 billion for workers on highway and transit jobs.

Yet every state knows that this is only a down payment on the true investment needed in our transportation system. States have another 10,000 projects at the ready—meaning more potential for jobs and the resulting improvements in our aging highways and bridges, transit systems, and transportation network. This can be achieved through enactment of an immediate jobs bill to keep the momentum going, but even more importantly, the enactment of a multi-year authorization of surface transportation programs.

Transportation projects mean paychecks and a better future for America.



A Needed Boost to the Economy

By Susan Martinovich, AASHTO Vice President, and Director of Nevada DOT

ARRA really provided a shot in the arm to our state. With it, we started 69 different projects in every county in Nevada. When you put money into infrastructure, you are putting contractors to work, you are putting engineers to work, you are putting the people who provide the materials, striping paint, asphalt, and gravel to work. An economist recently looked at our efforts in southern Nevada and found that for every dollar spent, we saw over \$1.50 back in economy and jobs.

Nevada used ARRA money for a variety of jobs, large and small, to ensure we could spread the funding around the state. One of our larger projects involved improvements to I-80, northern Nevada's main east-west artery. The \$12.4 million project will provide a safer, smoother route for travelers. In Humboldt County, another large project will use \$7.1 million in stimulus money combined with innovative construction techniques to improve safety and add new and more accessible sidewalks and ramps to the downtown corridor of Winnemucca while pumping more than \$1 million in direct payroll dollars into the local economy. A smaller project allowed us to install a wildlife overpass on heavily traveled US 93 in rural Nevada. This area experiences one of the state's highest vehicle-animal collision rates. Working in partnership with the Nevada Department of Wildlife and local community groups, recovery money allowed us to construct a wide, fenced overpass walkway to direct mule deer and other large animals over the road for the safety of the drivers.

Looking ahead, one thing is clear: our contractors need to see a continuous funding commitment from the federal government to sustain jobs, buy expensive equipment, and stay in business. We know that an investment in infrastructure pays off—you receive a good product that helps improve safety, helps reduce congestion, and creates a smooth ride.

Now it's time to take the next step. It will be good for our communities and good for the economy.



Susan Martinovich,
AASHTO Vice President

CHAPTER 1

Recovery—One Year, 11,000 Projects

On February 17, 2009, President Barack Obama signed the American Reinvestment and Recovery Act into law, releasing some \$48 billion to jumpstart the nation's flagging economy and rebuild our aging transportation systems. One year later, state transportation departments have set an amazing record of speed and efficiency, providing tens of thousands of jobs and billions in paychecks to American workers.

Transportation's Recovery Dollars

- \$27.5 billion for highways and bridges;
- \$8.4 billion for transit;
- \$9.3 billion for passenger rail;
- \$1.5 billion for competitive surface transportation grants;
- \$1.1 billion for aviation; and
- \$100 million for small shipyard grants.

What lasting benefit has resulted from the investment of dollars and determination?
As of January 22, 2010 the record is remarkable:

Restoring Highways and Bridges

Determined to move swiftly to put recovery dollars to work, Congress directed that \$27.5 billion in highway funding flow through the long-established federal highway program. Funds were apportioned to the states and from there to local governments. Projects were identified by the states and their metropolitan planning organizations, sent in for federal approval, put out for bids, and awarded. With bids running as low as 30 percent below estimates, states found they could stretch federal dollars even further, creating more jobs and more miles of improvements. California, Georgia, and Texas awarded more than 90 percent of their highway contracts for less than their cost estimates. As soon as contractors won bids, they rushed to recall workers or hire new ones, order materials, and reserve equipment.

Did recovery dollars make a difference in the industry? With construction industry unemployment higher than 20 percent, public-sector highway construction increased by 5 percent over the prior year.



Since federal dollars began flowing on March 2, states and their local partners have moved forward with thousands of highway projects. As of January 29, the Federal Highway Administration reported:

- 11,100 highway projects have won federal approval to proceed;
- 7,047 highway projects are under contract or ready to proceed; and
- 2,143 projects are already completed.

Pavement Preservation

As of early January, recovery funds have improved nearly 24,000 miles of infrastructure, according to information reported by states to the House Transportation and Infrastructure Committee.

The largest investments in every state have been made in projects to improve pavement. Nearly 20,000 miles of interstates and other highways are now smoother, safer, and longer-lasting.

- With system preservation its top transportation priority, Alabama invested half of its recovery funds on resurfacing deteriorating roads. By adding \$217 million to the \$230 million already budgeted for resurfacing, the state was able to fix 1,300 miles of highway, compared to the 700 miles it would otherwise have addressed.



Workers on the Richmond, Vermont, bridge rehabilitation project.

- Arkansas moved swiftly to repave highways in 47 of its 75 counties, investing \$50 million to rehabilitate some 170 miles of highway.
- Nevada's project to install a new asphalt surface and rehabilitate four bridge decks near Rye Patch in rural Pershing County pumped \$1 million in direct payroll into a local economy suffering 10 percent unemployment.

Interstate Rehabilitation

The \$27.5 billion in highway funding from the recovery program allowed states to address some of their most urgent projects—the rehabilitation and improvement of their aging interstates.

- Work began in May on a resurfacing and bridge repair project on a three-mile section of I-74 in Moline, Illinois, in which 10 bridges will be repaired.
- Iowa is resurfacing 10 miles of interstate and replacing four sets of twin bridges on I-29 in Warren County. The construction schedule has been reduced from six to four years for the full project.
- Maine rehabilitated 24 miles of I-295 Northbound between Topsham and Gardiner, the state's top highway priority, and the route traveled by 70 percent of the state's economy.
- Rhode Island kicked off its resurfacing of I-95 using \$7.7 million in recovery funds. The project included a performance-based incentive based on smoothness of the roadway's final finish, a specification which will now be used in all of the state's freeway paving projects.

Bridges

Recovery projects also resulted in improvements to 1,125 of the nation's bridges, the states reported as of January 7.

Bridge projects have included 571 bridge replacements, 506 bridge improvements, and 48 new bridge construction projects.

- Pennsylvania, New York, and Indiana each reported over 100 bridge projects paid for by ARRA funds, with the majority of funding going to replace aging structures.
- New Jersey is addressing 23 structurally deficient bridges using recovery funds, one fourth of the structurally deficient bridges in the state. Some \$73 million in ARRA funding is going to the Route 52 Causeway Replacement, in which two moveable bridges are being replaced with a high-level fixed span, in addition to providing numerous enhancements.
- The \$70 million rehabilitation of I-244 in Tulsa, Oklahoma, will include repairs to 40 bridges on this vital access route serving the downtown business district.

Safety

Safety improvements were made to 1,688 miles of highway nationwide, according to data reported to the House Transportation and Infrastructure Committee.

- Recovery funding in Indiana allowed the installation of 75 miles of cable safety barriers on interstate medians on I-70, I-74, I-69, I-65, I-64, and I-265. A two-year study of earlier cable safety barriers found that while 114 vehicles hit the cable on I-65, not a single crossover crash or fatality occurred, proof that these investments save lives and reduce injuries.

- Even modest grants can make a significant difference in safety. Massachusetts invested \$613,000 in recovery funds for a Safe Routes to School project in Northampton where new sidewalks and raised crosswalks will make students' walks safer along busy Jackson Street.

Environment and Enhancements

States also invested in transportation enhancements such as bike lanes, sidewalks, and environmental mitigation, making such improvements to some 635 miles.

- Five years after Hurricane Katrina and Rita submerged two-thirds of the roads in Orleans and St. Bernard Parishes, Louisiana is still working to repair its highway system. The state invested \$9.8 million in 26 projects equating to 20 roadway miles, including rebuilt sidewalks, shared-use bike lanes, dedicated bike lanes, and trees.
- Massachusetts devoted \$60 million to three bike and pedestrian projects including the final link in the Charles River park and pathway network by constructing a 700-foot-long bridge over the MBTA commuter tracks. The project completes the vision of providing continuous access along the Charles River to Boston Harbor.

Pavement Widening

States have reported to Congress that pavement widening for safety and congestion relief has been undertaken for 623 miles.

- Pavement widening will ease congestion at the interchange of the Palmetto Expressway and Dolphin Expressway in Miami-Dade County, Florida. The \$589 million interstate reconstruction will include construction of over 40 bridges. It is the final part of a 16-mile improvement to the Palmetto Expressway.
- In the northern suburbs of Detroit, a five-mile section of M-59 has been a serious bottleneck for a decade, as an otherwise six-lane highway was reduced to four lanes. A \$50 million project will widen the road to three lanes in each direction, including replacement of six bridges and rehabilitation of three more. An estimated 1,214 jobs have been created or saved because of the project.

New Construction

New construction of 230 miles of highways has also been made possible by recovery funds. While small in proportion to pavement preservation, the new highway construction is seen as key to economic development and to congestion relief.

- The \$432 million I-4/Selmon Expressway Connector in Hillsborough County, Florida, is a new toll road using recovery funds. It will connect the two highways and provide thousands of trucks direct access to the Port of Tampa and the interstate, improving the efficient movement of goods throughout the region.
- Owensboro, Kentucky, the third-largest city in the state, has been hard-hit by the recession, with unemployment around 9 percent. Construction of the US 60 Bypass Extension, a \$37.6 million project including \$27 million in recovery funds, will be part of a new four-lane corridor connecting the city to Interstate 64 at Dale, Indiana. It will also provide better access to schools and a new hospital.