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THE IMPORTANCE OF TRANSPORTATION INVESTMENTS TO THE NATIONAL ECONOMY AND JOBS

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

MARCH 3, 2010

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ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION

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THE IMPORTANCE OF TRANSPORTATION INVESTMENTS TO THE NATIONAL ECONOMY AND JOBS

WEDNESDAY, MARCH 3, 2010

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The full Committee met, pursuant to notice, at 10:05 a.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (chairman of the full Committee) presiding.

Present: Senators Boxer, Inhofe, Bond, Voinovich, Cardin, Whitehouse, Klobuchar, and Merkley.

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. Good morning, everybody, and thank you so much for being here.

This is the first in a series of hearings to spotlight important areas of focus in the process of authorizing surface transportation programs. Today's hearing will examine the ways transportation investment creates and preserves jobs and increases America's economic competitiveness.

We know transportation infrastructure investment is a proven jobs creator. According to the DOT, every $1 billion in Federal funds for transportation that is matched by State and local funds supports 34,700 jobs. According to a recent report by the American Association of State Highway and Transportation Officials, AASHTO, more than 280,000 direct jobs have been created or sustained at projects across the country as a result of the highway and transit funding in the American Recovery and Reinvestment Act.

On February 19th Transportation Secretary LaHood and I toured a facility in Los Angeles where workers are providing preventive maintenance service to city buses through L.A. Metro's Bus Mid-Life Program, replacing engines and fuel cylinders, refurbishing interiors and wheelchair lifts, and repainting older buses to improve their safety, performance and reliability.

A Federal investment of $47 million under ARRA is giving these buses a new lease on life, and it is keeping 97 workers on the job. These workers and their families and thousands like them across the country are the real beneficiaries of Federal investments that are putting Americans back to work, strengthening our economy, and rebuilding the infrastructure that keeps our country moving.

Transportation investments not only create and sustain jobs in the short term; they help us with economic recovery. They also provide benefits to America's families and businesses every day, including shortened travel and commuting times, increased productivity, and improved safety. Infrastructure investments also enhance the productivity of business and individuals by reducing disruptions that waste money, time and fuel and undermine our competitiveness.

In the coming weeks, we will be considering many important aspects of the surface transportation authorization, including, among other topics, Federal, State and local partnerships to accelerate transportation benefits, mobility and congestion in urban and rural America, and transportation's impact on the environment.

The next highway transit and highway safety authorization provides an opportunity to take a fresh look at these programs and make the changes necessary to ensure our transportation system will meet America's needs in the coming years. At the end of the day, it is a matter of setting the right priorities and crafting innovative and effective means to address them.

As the Chairman of this Committee, I want to acknowledge the bipartisan support that I have received in this whole area of transportation and infrastructure. It really warms my heart because, as we know, it is hard to find those areas of agreement these days, but this is one area where there has been much agreement.

I also want to say that I am encouraged that the House is taking up the reauthorization of this SAFETEA-LU bill on Thursday under suspension of the rules. And if we can get two-thirds vote, then we put this whole thing to bed, this 1-year extension, which will give certainty to all of our States. If they don't get the votes under suspension of the rules, we have other ways. They can go issue a rule and go the regular route, but we are hopeful, and we could use all the help that we can get here from Members of the Senate calling our colleagues over there, and of course outside groups as well. And we can get that to bed, then we can fully concentrate on the reauthorization, and this is my hope.

So job creation is my top priority, and I am grateful, again, to colleagues on both sides of the aisle for their great interest in moving forward together on a transformational transportation bill that makes the investments necessary to ensure our long-term prosperity.

And with that, I will call on Senator Inhofe, the Ranking Member.

OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Thank you, Madam Chairman.

And you know, what she says is right. We sometimes disagree on other issues in this Committee. This Committee has such an incredible jurisdiction. It has the largest jurisdiction of any Committee in the U.S. Senate. It takes two Committees in the House to do what we have in our jurisdiction, so there are areas of disagreement.

This area, and I am proud to say that as someone who just 5 days ago was—the National Journal said I was the most conservative and rated me No. 1 and the most conservative one, and yet I tell them hastily that in a couple of areas—national defense and infrastructure—I am a big spender. That is what we are supposed be doing here.

Now, I had an opening statement I was going to give because I didn't know we would be able to get to the point last night that we got, so I feel a little better. We have in the audience today Gary Ridley. He has testified before this Committee, Madam Chairman. He is our Transportation Secretary in Oklahoma.

Stand up, Gary. I know Pete is a good friend of yours, and you work together. And if you were on the panel, I would have you tell us what a crisis we would have in Oklahoma if we hadn't been able to do what we did last night.

Now, what the Chairman says is right. We need to take care of this thing. We did pass legislation out of here, and it would save us a lot of money, and we would be able to plan in advance.

Those of us who came here with a business background, it is mind boggling when you are doing something where you are dealing 1 month at a time, and we can put a price tag on that, on what it costs us each month that we are doing it this way. So I agree with you, Madam Chairman. I am hoping that we will be able to get this adopted.

I can remember when we did the last major bill in 2005. It was very successful, but that was a $286.4 billion bill. That didn't really take care of the maintenance of what we have right now. That is why I think this Committee—and I know that most of the Members on this Committee agree with this—we have to give a higher priority to this.

So while we escaped a crisis, at least in my State of Oklahoma and I suggest in most other States last night, we still need to do a better job, and that is what we are going to be doing.

So thank you, Madam Chair.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE,
U.S. SENATOR FROM THE STATE OF OKLAHOMA

I am relieved the Senate was able to work out a deal last night on the 30-day extension of the highway program. However, this is in no way a victory. This simply means that we will go back to the highway program being funded $1 billion a month lower than 2009 levels and living with the uncertainty of short-term extension. In fact, the States won't receive the new funding provided by this extension for close to a month—just when this extension is expiring. The House needs to move and pass the long-term extension the Senate sent over last week.

Before I get into today's hearing, I want to thank my good friend Gary Ridley, who is Oklahoma's Transportation Secretary, for coming out to Washington to help resolve this crisis. Gary is an asset to both Oklahoma and the Nation.

There has been a lot of discussion recently about the impacts of infrastructure investment on the economy, so I thank the Chairman for having this hearing to clarify some misconceptions. For years I have been leading the fight in Washington for increased investment in transportation and infrastructure because I believe strongly that no other form of Government spending is as beneficial to our citizens and the economy as infrastructure investment.

There is an undeniable link between a robust economy and strong transportation infrastructure investment. Yet when it comes to other Federal spending needs, transportation is often neglected as a priority—one only needs to look at the so-called "stimulus" bill to see evidence of this.

Despite the relatively small amount of highway investment in the stimulus bill, it is evident that highway investment is a proven job creator—much more so than any of the other of the Administration's so-called "stimulus" initiatives. Although I support increased infrastructure investment in any form, it is important to note that supplemental highway funding in the so-called "jobs bill" is in no way a substitute for the short- and long-term economic necessity of a multi-year highway bill re-authorization.

As an author of SAFETEA in 2005, I know first-hand that infrastructure spending from a new highway bill is one of the most proven ways to stimulate the economy and create jobs. However, when we look at the benefits of infrastructure spending, we often focus solely on the immediate employment and economic benefits, which is only part of the story. The greatest impact is over the long run—when the new roads and bridges add to productivity by improving mobility. I believe one of the most overlooked aspects of the post-World War II prosperity was the creation of the interstate highway system.

We simply can't continue to ignore the infrastructure crisis in this country. The Department of Transportation has estimated that the maintenance backlog on our Nation's roads and bridges exceeds $600 billion. I have often said that, despite its large size, SAFETEA didn't even maintain the system we have. The previous estimate was just $500 billion—in other words, increases in the costs of steel, cement and higher wages, combined with chronic underinvestment, have put us into an even deeper hole.

We learned in many of our previous hearings that if we don't take dramatic action, growing congestion and deteriorating pavement conditions will choke the U.S. economy. It is understandable in these dire economic times to measure investment decisions based on immediate results, but if we are going to continue to be the leader in the global economy, we need to take a much more strategic approach. We can no longer rely on transportation infrastructure investments made a generation ago.

As the rest of the world continues to finance new ports, highways, and sophisticated rail networks to attract new commerce, we are falling far behind, and our underinvestment means that our domestic industries are operating globally at a competitive disadvantage. If we fail to provide a free flowing transportation system to accommodate the needs of our economy, our manufacturing industries will be forced to export their operations abroad.

I welcome our witnesses, and I look forward to hearing about their first-hand accounts of infrastructure investment's impact on the economy as well as the consequences of continued underinvestment.

Senator BOXER. Thank you, and I agree with everything you said.

Senator Cardin.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator CARDIN. Well, Madam Chair, first let me give you some good news. The snow is melting. Spring is around the corner, and the construction season will be beginning soon in earnest. So this hearing is particularly timely for this Committee to exercise its responsibility to make sure that we have the surface transportation authorizations necessary for the infrastructure of America and the growth of America.

So I thank you for holding this hearing, and I thank the witnesses that are here to help us as we start this journey to enact the next authorization for surface transportation.

I need to, though, start by what happened this week, where we saw the vulnerability in a lapse in the highway program. That had immediate impact, and I think we need to underscore that because before we look at reauthorization we have to make sure that there is no gap.

Let me, if I might, just quote from two people who talked about the impact of one Senator blocking the short-term reauthorization, or short-term continuation. John Horsley, President of the American Association of State Highway and Transportation Officials, said in response to the block on the extension, "It will have a ripple effect throughout the whole construction world. The jobs we are trying to create through the stimulus programs are going to be undercut by cancellations of contracts. There is a consequence in the real world."

William Millar, President of the American Public Transit Association said, "Letting Federal funding for transportation programs expire at a time when jobs are a national priority is unthinkable."

I say that first because we were successful last night in getting an extension done, and the Chairman is expressing optimism that we can get the extension through the end of the year. It is critically important that we have no more lapses in our transportation authorization programs so that we can continue this.

And while trust fund extensions are essential for the time being, all of these SAFETEA-LU 2005 projects and intermediate ready-to-go projects are nearly complete, and it is time for new project authorizations.

While our next transportation bill reauthorization could result in landmark achievements in pavements like the Appalachia Development Highway System, which is critically important to the people of Maryland, it is time to increase development in transit systems, multi-modal infrastructure and smart growth transportation projects that emphasize sustainability and livability.

The benefits of these types of projects are many, not the least of which are jobs associated with transit and smart growth projects. Building transit systems and retrofitting community transportation infrastructure will be efficient, multi-modal transportation systems and create traditional hard hat and engineering jobs, just like roads and highway projects.

The American Public Transit Association estimates that for every $1 billion invested in transit, it yields 30,000 jobs. This includes jobs in bus and rail car manufacturing, an industry that is very important in America; a variety of high tech, high paying jobs in software development and design computer programs for logistics management, fare collection and safety and security management; the design, procurement and installation of computer systems to operate these programs, not to mention the permanent transit operators that are created when we expand our transit system.

It is lasting jobs that are worth the most to our communities around the Nation. Transit and increased efficiency in community transportation systems foster increased economic development and increase property values.

I am encouraged by President Obama and Secretary LaHood's recognition of how sustainability and livability and transportation design play in not only protecting the environment, but also creating economic sustainability for our Nation's communities.

So Madam Chair, as we start this process of looking at how we are going to deal with the next chapter in our surface transportation, I hope we will take advantage of this to focus on where we can create jobs, create the type of infrastructure, but also create the livable communities that are so important to Americans.

And with that, I look forward to hearing from our witnesses.

[The prepared statement of Senator Cardin follows:]

STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Thank you, Madam Chairman, for holding this hearing this morning.

As the snow in the region and across the country begins to melt and with spring just weeks away, State DOTs around the country are preparing for the 2010 construction season. As authorizers of Federal funds for surface transportation projects it is time we get down to work and deliver the means for our States and counties to get working on the next phase of transportation projects for our States and regions.

However, before discussing the importance of new road and transit construction projects we must continue to address the needs of our State and local Departments of Transportation. These agencies continue to make progress on existing road and highway projects using the critical Federal funding we have provided by way of extending the surface transportation trust fund in lieu of full reauthorization.

Yet with complete disregard for the needs of the States and the pay checks of thousands of highway construction workers, we saw the ability of one Senator to single handedly halt this progress.

John Hoarsely, President of the American Association of State Highway and Transportation Officials (AASHTO), said in response to the block on the extension, “It'll have a ripple effect throughout the whole construction world . . . The jobs we are trying to create through the stimulus programs are going to be undercut by cancellations of contracts . . . There is a consequence in the real world.”

William Millar, President of the American Public Transit Association, said, “Letting Federal funding for transportation programs expire, at a time when jobs are a national priority, is unthinkable.”

I am glad we were finally able to pass a short-term extension of our highway program. At the same time, I am encouraged that this Committee is focusing attention on the reauthorization of SAFETEA-LU, because there is terrific promise in the jobs we will create by authorizing new transportation projects across the country.

While trust fund extensions are essential for the time being, all of the SAFETEA-LU 2005 projects and intermediate “ready to go” projects are nearly complete, and it is time for new project authorizations.

Our next transportation bill reauthorization could result in landmark achievements in pavement—like the completion of the Appalachian Development Highway System. It is time to look toward increased development of transit systems, multimodal infrastructure and smart growth transportation projects that emphasize sustainability and livability. The benefits of these types of projects are many, not the least of which are the jobs associated with transit and smart growth projects.

Building transit systems and retrofitting community transportation infrastructure with efficient multi-modal transport systems create traditional hard-hat and engineering jobs just like road and highway projects.

The American Public Transit Association estimates that every billion dollars invested in transit yields 30,000 jobs. This includes jobs in:

- Bus and rail car manufacturing;
- A variety of high tech, high paying jobs in software development to design computer programs for logistics management, fare collection, and safety and security management;
- Design, procurement and installation of the computer systems to operate these programs;
- Not to mention the permanent transit operations jobs that are sustained long after a transit project is completed.

It's lasting jobs that are worth the most to communities around the Nation. Transit and increased efficiency in community transportation systems foster increased economic development and increased property values.

I am encouraged by President Obama and Secretary LaHood's recognition of how sustainability and livability in transportation design play in not only protecting the environment but also in creating economic sustainability for our Nation's communities.

I look forward to the testimony of our witnesses. Thank you, Madam Chairman.

Senator BOXER. Thank you.

Before I call on Senator Bond, Senator Inhofe wanted to take the remainder of his time because he has a couple of minutes remaining.

Senator INHOFE. Very brief. I was reminded by my staff that while I was ad-libbing my opening statement, I left out something that was significant that we want to make sure, so let me just go ahead and put this paragraph in.

I am relieved, as I have said, the Senate was able to work out a deal last night on a 30-day extension on the highway program, but this is no way to victory. This simply means that we will go back to the highway program being funded at $1 billion a month—$1 billion a month lower than 2009 levels, and living with the uncertainty of short-term extensions, which I think I implied that.

In fact, the States won't receive the new funding provided by this extension for close to a month, just when this extension is expiring. The House needs to move and pass the long-term extension of the Senate bill, as we have said, and I think that is right.

The figure that I have from Gary Ridley, Madam Chairman, is that just in our State of Oklahoma, by doing this on this 30-day extension thing as opposed to the long-term extension, it is costing us $160 million over this period of 12 months in my State of Oklahoma. And I would hope that during the opening statement of Mr. Rahn that you would kind of share with us what it is doing in the State of Missouri.

Thank you, Madam Chair.

Senator BOXER. Well, Senator, now that you have put this out so forcefully, I just hope the message gets to the House Democrats and Republicans. Pass this bill under suspension on Thursday, please. Please put this behind us because these delays are really hurting our people back home, all of us, every one of us, no more than Missouri.

So I would like to call on Senator Bond.

OPENING STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM THE STATE OF MISSOURI

Senator BOND. Thank you, Madam Chair and Senator Inhofe. The hearing is a great opportunity not only to examine the link between infrastructure spending and job creation, but also to understand how transportation policy can help rebuild our economy.

I personally was very disappointed that the huge stimulus bill that was passed last year spent an appallingly small amount on highways and transportation. To me, and I think to some of my highway friends in Missouri, it was a great opportunity that we whiffed. It would have put a lot more people to work. It would have done a lot more for the economy and had lasting impact.

But I thank the witnesses for coming. Your perspectives are important. We need to hear from you what is going on in the States and get a better understanding on what we can do at the Federal level.

A very special, warm welcome to my old friend, Pete Rahn, while he is here on behalf of AASHTO. As has been mentioned several times, he is the Director of Missouri Department of Transportation, and I would say on his behalf that he is a popular DOT Director. There have been some in the past who refused to listen to the people. I found as I traveled the State prior to Pete's assuming this position that people were terribly frustrated that the highway priorities were not being developed at the local level, and Pete has avoided a whole lot of problems others had by listening. It is amazing how much you can hear when you listen. I think Yogi Berra may have said that.

But he has a mantle full of awards for his notable service, and he is here with some good information. As a self-described infrastructure conservative, I, like Senator Inhofe, am a big spender when it comes to fulfilling our major responsibilities in defense and transportation.

And we know that every billion dollars will generate some 30,000 to 40,000 jobs for every billion spent. But it also leads to the development of our States. When I was Governor, I wanted to find out what were the keys to having a growing community, and it was very clear—if you had good highways, the town grew, jobs came, people were better off. And it makes a lasting impact, far beyond the immediate jobs it creates.

AASHTO uses a term, "economic benefit magnifier," and estimates an average economic benefit over $5 for every dollar spent, and I would not be surprised. When we build a new highway, provide access from point A to point B, we create communities where businesses will want to locate. We can build bridges and fund transit systems in the middle of nowhere and still create jobs, but we miss out on the jobs that should be created.

Unfortunately, over the last year, instead of working toward a blueprint for our future for our Nation's aging transportation system, we spent all of our time dealing with the consequences of inaction. We need a blueprint for improving and investing in our Nation's transportation system, and tomorrow's priorities are the ones that will give us the best bang for our buck.

Unfortunately, that is not where we are today. Here, we all agree on the economic benefit of infrastructure, but right now we are missing out on the full extent of those opportunities because we are operating off a bill that under-funds yesterday's priorities.

This is why I truly hope, and maybe it is too late to have that hope, that we could do what we are supposed to do every 5 years and have a real genuine authorization that looks forward 5 years.

Now, some people know the secret that this is my last year in the Senate, and I would love nothing better than to be able to work with my colleagues to frame the infrastructure development for the future, but we will take whatever we can get. That is why I was one who supported the bill, despite what were some very real partisan problems with the way it was structured.

But we can't continue to delay these hard decisions. There are no easy solutions. But I think we get paid to make the tough decisions and try to lay out a plan for the future. It is time to do our job, move forward with a reauthorization bill, pass a blueprint that will move our transportation system forward, help our economy grow.

I thank the Chair and the Ranking Member and our witnesses today for a very, very important message I am confident they will deliver.

Thank you, Madam Chair.

Senator BOXER. Senator Bond, you need to know that this is the point of the hearing. This is the first hearing on our way to markup. And I have been working closely with Senator Inhofe, Senator Voinovich, Members on my side, and our intention is to hold a series of hearings and then sit down and write the bill while you are still here, and while Senator Voinovich is still here. That is a commitment I make to you, and that is a pledge that I make to you. We do have to do this bill, and we are going to do it.

And I also want to say that I agree with you that the stimulus bill did not have enough for infrastructure. As a matter of fact—although Senator Inhofe, I don't want to get him in any kind of trouble back home, opposed the stimulus bill, he worked with me, and we tried to triple the funding for infrastructure.

I also want the record to show that we did succeed, Senator, in upping it to $48 billion. Plus we got more funding through the Build America Bond Program, which in California we issued billions of Build America bonds, which are also infrastructure and many States utilize them.

There also was some money for TIGER grants, and in addition, $8 billion for high speed rail. It still, in the context of the large bill, was not enough, and I fully agree with you on that. And I fully agree that this bill that we write now for the next 5 years has to be robust, and it has to be clear that this is an economic driver for America.

So I just want you to feel good about that. You will be part of what we are calling MAP–21, Moving Ahead for Progress in the 21st Century, and you and Senator Voinovich will be part of that.

Senator BOND. Well, I like the MAP–21 team better than the LU bill that we had. I like that idea. I thank you and I really, I enjoyed working on the 2005 bill. I am sorry my loss of seniority knocked me out of the position, but I know that Senator Voinovich will do a good job, and I very, very much appreciate and thank you for making every effort to see if we can't go forward this year.

Senator BOXER. We will.

Senator Inhofe.

Senator INHOFE. Let me just quickly respond to what you said.

Yes, I did oppose the stimulus bill because it didn't stimulate. It is as simple as that. It had a total of 3 percent of the whole $787 billion that went to roads, highways, bridges. Now, and while it was an improvement to increase by the $48 billion, still that wasn't roads, highways and bridges. That was transportation, a lot of things that I probably would not have individually wanted.

The amendment that we had would have tripled the amount of money that went to roads, highways, bridges and maintenance and construction. And of course, we lost that amendment, but we tried.

Senator BOXER. OK. Now, I didn't want this to turn into an argument over the ARRA, but just let the record show that there is disagreement. We believe the tax cuts in that bill did stimulate the economy. We believe it has saved and created jobs. So let the record show there is a big disagreement on that.

Where there is agreement is we all wanted more for highways, bridges, and yes, I did support transit, but I also supported the highways, bridges and roads.

With that cleared up, we will call on Senator Klobuchar, and then we will get right to our panel.

OPENING STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator KLOBUCHAR. Thank you very much, Madam Chair. Thank you for holding this hearing.

Thank you, all of you, for being here.

You know, I live six blocks from the bridge that fell down that August day in Minneapolis, an eight-lane highway right in the middle of the river. So I am reminded of the need for transportation investment literally every time I go home because any time I have to get to about three-fourths of the places I go, I drive over that new bridge, which is a beautiful new bridge. It got built in 9 months because there was a sense of urgency.

Well, there is not always a sense of urgency of all the repairs that need to be made, as you all know, all around the country. And that was a national embarrassment and really a call to action for the people of this country.

And it has been pointed out, and we will hear about today at this hearing, it is not just a safety issue to invest in our infrastructure. It is also an economic issue.

The direct link between transportation investments and job creation is clear. The Federal Highway Administration estimates that every $1 billion of highway spending creates roughly 35,000 new jobs. And like my colleagues here, I would have liked to see more infrastructure spending in the stimulus bill, but now it is our time to move on and to get a new transportation bill done.

The other thing that I don't believe has been pointed out that is a real concern of my constituents is just the lost economic time when people sit in traffic. I am here talking about the fact that we should be doing more with rail, and we should be doing more with highways and making them more efficient.

In fact, Americans spend 4.2 billion hours a year stuck in traffic, at a cost to the economy of $78.2 billion or $710 per motorist. And that is why I have been intrigued by the interest in public transportation in our State in places that are pretty conservative areas that suddenly want the train expanded from Big Lake to St. Cloud, that want bus lanes, that want more bus stations. And I think it has been a new found interest in that kind of public transportation, in addition to the expansion of roads and bridges and other things that are really the meat and potatoes of how we look at transportation policy in our State.

So I want to thank you for being here. I look forward to hearing from you today.

Thank you.

Senator BOXER. Thanks so much for your patience, and we are going to start with our panel: Peter Rahn, Director, Missouri Department of Transportation, on behalf of the American Association of State Highway and Transportation Officials.

And I want to thank you personally for the work you did to help us finally get this short-term extension, and now hopefully the long-term extension done. So why don't you go right ahead, Mr. Rahn.

STATEMENT OF PETE K. RAHN, DIRECTOR, MISSOURI DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

Mr. RAHN. I am Pete Rahn, Director of the Missouri Department of Transportation, and on behalf of the American Association of State Highway and Transportation Officials I am here to talk with you about the importance of transportation to the economy.

But first, Madam Chairman, let me thank you, and of course Senator Bond and the members of this Committee for your leadership in passing legislation last week which extended the highway and transit programs until the end of the year. That action was absolutely crucial to my State and to all States.

As a matter of fact, there was so much uncertainty a week ago as to the future of the highway program that I had to announce the suspension of the February letting and the potential shutdown of all future highway contracting in the State for the remainder of the fiscal year. I understand that some of the contractors affected by that decision may have contacted Senators here in Washington to ask for their help in passing your bill.

Let me turn now to the Economic Recovery Act. On February 17th of last year, Missouri started construction on our Nation's first highway stimulus project within minutes of the President's signing the bill into law. Our Osage River Bridge Project replaces a Depression era structure that was in desperate shape. Stimulus funding has had a huge impact in Missouri. A survey of a dozen of our largest contractors has found that MODOT now makes up more than 90 percent of their workload, when traditionally we would be about 40 percent. ARRA has worked, and it is filling the void.

States have pushed hard to create jobs and deliver projects under ARRA. On February 19th, 2010, California fully obligated its $2.57 billion in ARRA highway funding. As of yesterday's deadline, every State obligated every highway dollar they were eligible to receive, and not one dime will be returned to Washington, DC, for redistribution.

I understand that every member of the Committee has been given a copy of AASHTO's report, Projects and Paychecks. It found that States have created or saved 280,000 direct on-project jobs. While transportation, as of December of last year, received 6 percent of total ARRA resources, it created at least 14 percent of the 2 million direct jobs saved or created to date.

Longer lasting economic benefits include repair or replacement of 1,125 bridges, resurfacing of 21,400 miles of pavement, and the purchase of 7,450 buses. My answer to the question: Is transportation important to the economy? You bet it is.

Transportation is a $1.2 trillion industry, generating 8 percent of the jobs and accounting for 9 percent of the U.S. economy. It supports agriculture and natural resources, manufacturing, retail and services. Together, these businesses and industries account for 84 percent of the U.S. economy.

Demand for freight has increased steadily since the 1970s. However, the freight productivity improvements gained through the Interstate Highway System and deregulation of trucking and the railroads are beginning to fade. Freight demands have now exceeded the capacity of the Nation's highways, rail, waterway and port systems, and we are facing a freight transportation capacity crisis.

AASHTO will shortly publish a report called The Freight Transportation Bottom Line, which examines demand, capacity and the implications of congestion and deteriorating freight transportation performance and what should be done about it. We will provide this to you.

The final freight issue I want to raise is global competition. China spends 9 percent of its GDP on infrastructure; India, 3.5 percent; and the United States less than 1 percent. Their economies are growing far faster than our own. If we are to maintain our economic competitiveness, national investment in transportation needs to increase.

In 2010, there are two things the Senate can do to help assure that our transportation can help sustain economic recovery. First, we hope you can enact a new jobs bill similar to the one which passed the House, which provides $27.5 billion for highways and $8.4 billion for transit. Second, we hope you can complete action on a multi-year authorization. Funding this program at the $500 billion level pending in the House will have AASHTO support.

We need a balanced bill that increases funding for both highways and transit, and funds continue to progress on high speed rail. We also need a balanced bill which meets the needs of both rural and urban parts of the country. Funding the program at the $500 billion level would help to double transit ridership, preserve and modernize the highway system, and launch a new era of inner city passenger rail. We believe such investments are vital to the economy.

Thank you, Madam Chairman.

[The prepared statement of Mr. Rahn follows:]

AMERICAN ASSOCIATION OF
STATE HIGHWAY AND
TRANSPORTATION OFFICIALS
AASHTO
THE VOICE OF TRANSPORTATION

TESTIMONY OF

THE HONORABLE PETE K. RAHN

DIRECTOR
MISSOURI DEPARTMENT OF TRANSPORTATION

ON BEHALF OF

THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

REGARDING

THE IMPORTANCE OF TRANSPORTATION INVESTMENTS TO THE NATIONAL ECONOMY AND JOBS

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

MARCH 3, 2010

American Association of State Highway and Transportation Officials♦444 North Capitol Street, N.W., Suite 249, Washington, D.C. 20001♦202-624-5800

Chairman Boxer and Members of the Committee, thank you for the opportunity to testify on the importance of transportation to the national economy. My name is Pete Rahn. I am Director of the Missouri Department of Transportation, and am speaking today on behalf of the American Association of Highway and Transportation Officials (AASHTO) which represents the state departments of transportation (DOTs) of all 50 states, Washington, D.C. and Puerto Rico.

In my testimony I want to cover three points:

- First, tell you about the successes states are achieving through the Economic Recovery Act to create jobs and help bring about economic recovery;
- Second, describe how important transportation is to the national economy;
- And third, describe how important investment in transportation infrastructure will be to building a prosperous future.

Creating Jobs and Helping To Bring About Economic Recovery

The first thing I want to address is what state DOTs are doing to create jobs and help stimulate economic recovery through our investments in highways and transit. I am proud of the fact that Missouri was able to start construction on our first highway stimulus project within minutes of the President signing the bill into law. Our Osage Bridge project was the first in the country.

Senator Boxer, Randy Iwasaki, Director of the California Department of Transportation, Caltrans wanted you to know that on February 19, 2010, two weeks before the March 2nd deadline, California fully obligated the $2.57 billion in highway funding you helped make available to them under the American Recovery and Reinvestment Act of 2009 (ARRA). It is my understanding that as of yesterday's "use it or lose it" deadline, every state obligated every highway dollar they were eligible to receive and not one dime will be turned back to Washington, D.C. for redistribution. We are proud of the thousands of jobs the economic recovery act enabled us to create in Missouri, California and elsewhere, and the long-lasting benefits the economy of the nation will receive as a result of the capital projects we are building.

Two weeks ago AASHTO published its report titled **"Projects and Paychecks,"** a one-year report on state transportation successes under ARRA. The report documents that, so far, through highway and transit investment made possible under ARRA, states have created or saved 280,000 direct, on-project jobs. That means that – as of December, 2009 – transportation, which received 6% of total ARRA resources, was able to create at least 14% of the two million direct jobs saved or created to date. This transportation investment has been able to achieve two types of economic benefits:

- first, direct and immediate benefits to people through the jobs created through investments in transportation infrastructure; and

- Second, longer-lasting benefits to the broader economy through the improvements in transportation system performance which resulted from the specific infrastructure investments made. We describe ARRA transportation investments as "The gift that keeps on giving."

Jobs and Paychecks: What this means to people. One year after enactment of the economic recovery act, through highway and transit infrastructure investments, states and local governments have created or saved 280,000 direct, on-project jobs. Total employment related to the 12,000 projects underway has reached 890,000. The projects that states, cities and counties were able to build will have long-lasting benefits in thousands of communities: So far it has meant repair or replacement of 1,125 bridges, improvement, resurfacing of 21,400 miles of pavement, and the purchase of 7,450 buses.

But the real story of the recovery 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, put their kids through school and pay for health care. As Susan Martinovich, AASHTO Vice President and Director of Nevada's Department of Transportation stated, "When you put money into infrastructure, you are putting contractors to work, engineers to work, you are putting the people who provide the materials, striping, paint, asphalt, and gravel to work."

So what has this meant to real people?

In Michigan the unemployment rate for construction workers is running at close to 40%. Frank Anzenberger had been in the construction industry for over 30 years. He had been out looking for a job for more than half a year. Anzenberger was not only hired, but at a June, 2009 Kalamazoo ceremony marking approval of the 2,000th transportation project funded by the stimulus bill, he got to introduce Vice President Joe Biden. "For me the economic stimulus means that I'm going to have a weekly paycheck," Anzenberger said.

In Washington State, Michael Joseph was a member of Laborers Union Local 252, who was struggling to care for a wife battling cancer. He had only worked four months out of the previous twelve, before he was hired to work on a project widening Interstate 5 between the Port of Tacoma and the King County line. "For me," said Joseph, "being able to pay for health care is everything."

In Maryland, Rhea Mayolo, was a divorced mom trying to support her kids by working multiple, part-time jobs waiting tables and keeping books. Through the stimulus act she was hired by an engineering company to be their office manager. Working on a full-time job meant she could earn a decent living.

Transportation Investments Stimulate the Broader Economy.

With states facing a "use it or lose it" deadline of March 2 for obligating federal recovery act highway funds, the Federal Highway Administration reported that as of February 19, $25.6 billion has been obligated, out of $26.4 billion issued to states and territories.

FHWA reports that of 12,103 projects obligated, 7,600 highway projects are currently under construction, valued at $17.8 billion. Work has been completed on 2,200 highway projects valued at $6.3 billion.

Transit grants have been issued for 714 projects, valued at $7.24 billion, according to the Federal Transit Agency. Another 222 grants are under review, which, if approved would bring the transit recovery spending to $8.3 billion. There is a March 5 deadline for 100 percent obligation of transit dollars.

States have achieved a remarkable record of jobs created, highways and bridges rebuilt, and transit systems improved. But the benefits to the broader economy go well beyond the infrastructure improvements themselves. These investments will help sustain the recovery, create more jobs, more opportunities and a better future.

Green Jobs. In Texas, a new bridge across the Colorado River is helping the city of San Angelo keep its commitments to the largest new manufacturing plant it had seen in decades. In 2008, Martifer-Hirshfield Energy Systems had agreed to locate a wind tower construction plant in San Angelo, of the condition that an early 1900's rail bridge across the Colorado River be replaced. It was too low and too narrow to carry Martifer's wind towers north to markets throughout the rest of the country. Only when stimulus funds came into play was the city able to replace the bridge.

Redevlopment. In Johnson, Rhode Island, Mayor Joseph Polisena said he was "hell bent" to redevelop a "blighted" parcel of land just 300 yards from town hall that had sat vacant for 18 years. To widen and improve Hartford Avenue - a prerequisite for the parcel's redevelopment – the Rhode Island Department of Transportation had completed all the necessary planning and engineering, but lacked the necessary funds. Thanks to $3.4 million in stimulus funding Rhode Island DOT's work is scheduled to be completed in the Spring of 2011, and the first phase of a $40 million shopping and hotel complex should be finished along-side the road improvements. Said Jeffrey Saletin, who is developing the property, "Our project is one that never would have started if this road hadn't been improved."

Transportation is vital to the U.S. economy

Transportation is vital to the U.S. economy. It is a $1.2 trillion industry, generating 8 percent of jobs and accounting for 9 percent of the U.S. economy, as detailed in Table 1.

Table 1. U.S. Gross Domestic Product in Transportation and Logistics Industry

Industry	Gross Domestic Product	Share/
Transportation	$363.7 billion	2.7%/
Warehousing	$34.0 billion[a]	0.3%/
Wholesale Trade	$788.7 billion	6.0%/
Transportation/Sector	**$1,152.4 billion**	**9% of U.S. economy**
U.S. Total	**$13,246.6 billion**	—

Source: Cambridge Systematics calculations based on data from Bureau of Economic Analysis, Annual Industry Accounts, 2006.

More importantly, it provides the equipment and services that support businesses and industries in agriculture and natural resources, manufacturing, retail, and services. Transportation represents 7 percent of the value of output in the agriculture and natural resources sector, 4.7 percent in the retail sector, and 3.2 percent in the manufacturing sector. And in the rapidly growing services sector-which does not produce material goods but depends on expedited delivery services, reliable long-distance business travel, and cost-effective employee commuting-transportation is 1.8 percent of the value of output. Together these businesses and industries account for 84 percent of the U.S. economy.

Demand for freight trips to support the U.S. economy has increased steadily since the 1970s, driven by population and economic growth, global trade, and changing supply chain practices. However, the freight productivity improvements gained though past investment in the Interstate Highway System and economic deregulation of the freight transportation industry in the 1980s are showing diminishing returns. Demand is now pressing the capacity of the nation's highway, rail, waterway, and port systems to handle the trips.

The effects of rapid growth in demand and limited growth in system capacity are felt as congestion, increased freight transportation prices, and less reliable trip times. Congestion, higher transportation prices, and power reliability lead to increased costs for manufacturers, higher import prices, and pressure on businesses to hold more expensive inventory to prevent stock outs. The effect on individual shipments and transactions is usually modest, but over time these costs add up to a higher cost of doing business for firms, a higher cost of living for consumers, and a less productive and competitive economy.

The performance of the nation's freight transportation system is critically important. It directly affects:

- Economic Development and Jobs - Cost-effective and reliable freight transportation gives industries and businesses a competitive advantage in the global economy by providing them the ability to deliver products at lower cost and reach larger markets. This translates into more jobs, greater profitability, and better growth prospects. But poor freight transportation performance means smaller markets, fewer jobs, and limited economic development opportunities.

- Standard of Living - The freight transportation system delivers an immense range of food, clothing, tools, materials, and services to homes and businesses. Consumers enjoy an unprecedented variety and quality of products because producers are able to manufacture, trade, and distribute across local, national, and global markets. But poor freight transportation performance means higher costs, less choice, and a lower standard of living for all citizens.

- Communities - Freight transportation is a heavy industry. A well performing and innovative freight transportation industry means less congestion, fewer air pollutants and greenhouse gas emissions, quieter operations, and greater safety in communities. But poor freight transportation performance leads to degradation of community health and safety.

- Military Capability - The freight transportation system that supports the nation's civilian economy also supports the nation's military. It ensures a ready and reliable supply of materiel and gives the military the mobility to operate effectively at home and abroad. But poor freight transportation performance means less mobility, higher cost, and greater risk.

The public sector has a major role in the freight transportation system: it owns and operates the highways; owns and manages most of the nation's ports, waterways, and airports; regulates the rail and pipeline systems; and oversees the security of all freight transportation facilities and freight carriers. It has an immense social, economic, and environmental stake in the capacity and performance of the freight transportation system.

As the economy recovers from the Great Recession, the nation will find itself at same point it was in 2005 - in the early stages of a freight transportation capacity crisis. As it was then, the public sector will find itself poorly positioned to deal with the problem because there is:

- No clear and consistent description of the national freight transportation system, its performance, and investment needs;

- Insufficient public sector knowledge of freight transportation and supply chain management and their importance to businesses and economic growth;

- Lack of coordinated public and private actions on freight transportation policies, programs, and finance; and

- Lack of public sector focus on transportation operations.

AASHTO will shortly publish a report called the **Freight Transportation Bottom Line** which examines the growing demand for freight transportation, the capacity of the nation's highway, rail, and water transportation systems to handle freight cost-effectively and reliably, and the implications of congestion and deteriorating freight transportation performance for supply chains and the production and delivery of goods and services. We will provide the Committee a copy of this report as soon as it is complete.

Here is what the Federal Highway Administration had to say in its publication titled **Freight Facts and Figures 2009,**

> *"The Nation's 116 million households, 7.7 business establishments, and 89,500 government units are part of an enormous economy that demands the efficient movement of freight. While the U.S. economy has been affected by the recent global recession, it is expected to fully recover and continue to grow.*

> *The U.S. population grew by 33 percent between 1980 and 2007, while the economy, measured by gross domestic product (GDP) more than doubled. Foreign trade grew faster than the overall economy, quadrupling in real value between 1980 and 2007.*
>
> *Although freight moves throughout the United States, the demand for freight transportation is driven primarily by the geographic distribution of population and economic activity. While both population and economic activity have grown faster in the West and South than in the Northeast and Midwest, the growth in economic activity per capita has been highest in the Northeast."*

Before we leave the subject of freight, there is one additional point to be made on maintaining America's global economic competitiveness. China spends 9% of its gross domestic product on infrastructure, compared to 3.5% in India and less than 1% in the United States. Investment in world-class infrastructure had become a competitive imperative. The global economy is pressuring countries to upgrade infrastructure in order to remain competitive, gain advantage, or keep from falling behind. The good news is that compared with its competitors, the U.S. still has the most fully-developed, efficient, and productive transportation system. However, it is losing ground rapidly and needs to be improved.

Moving People Also Vital to the Economy.
Providing mobility for this country is getting tougher. Congestion in metropolitan areas is bad and is getting worse because we have not kept pace with the highway, transit, and rail capacity needed. Over the next forty years over 100 million is expected to be added to today's population of 310 million. Even if we are able to cut in half the growth in vehicle miles traveled on our highways it will still grow from 2.9 trillion today to 4.5 trillion by 2050.

Metropolitan areas will continue to be the center of population and economic growth in the United States. Over the past 50 years the number of people living in metropolitan areas in this country increased from 85 million to 225 million. Over the next forty years it is expected to grow to nearly 350 million. Because over 80 % of the country's GDP is generated in metropolitan areas, providing these areas the transportation capacity needed to keep pace with the growth expected will be vital to the economy. Reducing congestion and increasing system reliability will also be important.

Even rural states will face population pressures and growth in travel demand. Out of the 20 states expected to grow the fastest over the next 30 years, several are rural including Nevada, New Mexico, Idaho, Utah, Wyoming, Alaska, and Montana. What these states have in common is large geographic size, and, as a consequence, highway systems which have to span great distances. There are two growth industries in rural states: the first group is energy production including oil and gas, as well as renewables such as solar and wind power; the second group includes the travel, tourism, and recreation industries. Both groups share one thing in common: direct dependence on transportation.

Services Industry.
The services industry is the largest and fastest-growing economic sector in the U.S., now accounting for one-half of U.S. GDP and one-half of all jobs. The services industry needs access to large markets and big pools of skilled workers to keep costs down. Metropolitan congestion,

however, makes it difficult for service industry workers to get to work and for service industry customers to get to offices, medical facilities, schools and other service centers.

Importance of Transportation Investment to the National Economy.

In 2010, America finds itself at a crossroads. Funding needs have been consistently outstripping resources. Meanwhile, our competitors in the global economy, Europe, and emerging economies like China and India, are committing massive resources to modernize their transportation systems to strengthen their economic competitiveness. At the Federal level the Highway Trust Fund faced insolvency in 2008 and 2009. Funding shortfalls were alleviated through fund transfers from the General Treasury. In mid-2010 the highway account is again expected to run short, followed by the transit account in early FY 2011. The transfer of $19.5 billion approved this week will keep the Highway Trust Fund solvent for at least one additional year. Meanwhile, States face the most difficult financial situation in 50 years, and this year 25 states have indicated that they will be forced to reduce spending on transportation. The $48 billion provided through the Economic Recovery Act helped maintain national investment during 2009 and 2010. We are hopeful that a 2010 Jobs Bill soon to be considered in the Senate will provide resources similar to the $27.5 billion for highways, and $8.4 billion for transit approved by the House in December, 2009.

If we are to have a national transportation system, it is imperative that the Federal government play a strong role. Over the last decade the federal share of highway and transit capital investment has averaged at around 45 percent. There have been a series of authoritative studies which have documented how much the U.S. needs to be spending on surface transportation overall.

The National Surface Transportation Policy and Revenue Study Commission was authorized in SAFETEA-LU, appointed in 2006, and delivered its report in 2008. It found that the U.S. needs to be investing $225 billion annually in highways, transit and rail over the next twenty years but is investing at only 40% of that amount. In 2009, AASHTO published its Bottom Line Report which determined that to improve the highway system the U.S. needs to invest $166 billion per year compared to the $80 billion we are currently investing; to improve the transit system the country needs to invest at $59 billion per year compared to current capital spending of around $15 billion. The latest Conditions and Performance Report for Highways and Transit published by U.S. DOT in January, 2010, based on 2008 data, made the following determinations: to improve the system highway investment needs to increase to $174.6 billion annually; to improve the transit system $21.1 billion needs to be invested annually.

While it is helpful for these reports to document what is needed, it is not realistic that Congress will find it possible to increase federal investment to the levels needed all at once. We believe the $500 billion surface transportation bill backed by Chairman James Oberstar in the House has established a reasonable target for this six-year authorization period that Congress should seek to fund. It would provide $450 billion for highways and transit and another $50 billion for high speed rail. At AASHTO's Annual Meeting in October, 2009 its Board of Directors endorsed funding the transit program at the $99.8 billion level provided in the House Bill, and endorsed the provision of $50 billion for high speed rail with the understanding that would come from resources outside the Highway Trust Fund.

Here is what funding the program at those levels would help achieve.

Doubling Transit Ridership. To reduce congestion and meet the demand of those dependent on public transportation, the United States will have to build enough transit capacity to double ridership by 2030. A challenge just as important for transit is to replace its aging fleet of buses and rail cars, maintain its stations, its rail infrastructure, and its maintenance facilities.

Highway System Preservation and Modernization.
To meet the future needs of the highway system the U.S. needs to preserve the system built over the last 100 years, so it continues in a good state of repair for the next generation. System performance needs to be improved through investments in systems operations and advanced technology. Capacity needs to be added to reduce congestion and keep pace with expected growth in freight and population.

Below is a description of the preservation challenge facing the Interstate system over the next twenty years. The Interstate Highway System has more than 55,000 bridges many of which are reaching 40 to 50 years of age. Bridges and other structures of this age usually require substantial rehabilitation and some cases replacement. As the 210,000 lane miles of the Interstate System reach 40 to 50 years of life, major portions will need to have their foundations completely reconstructed. The Interstate System has almost 15,000 interchanges, many of which do not meet current operational standards and create bottlenecks or safety problems.

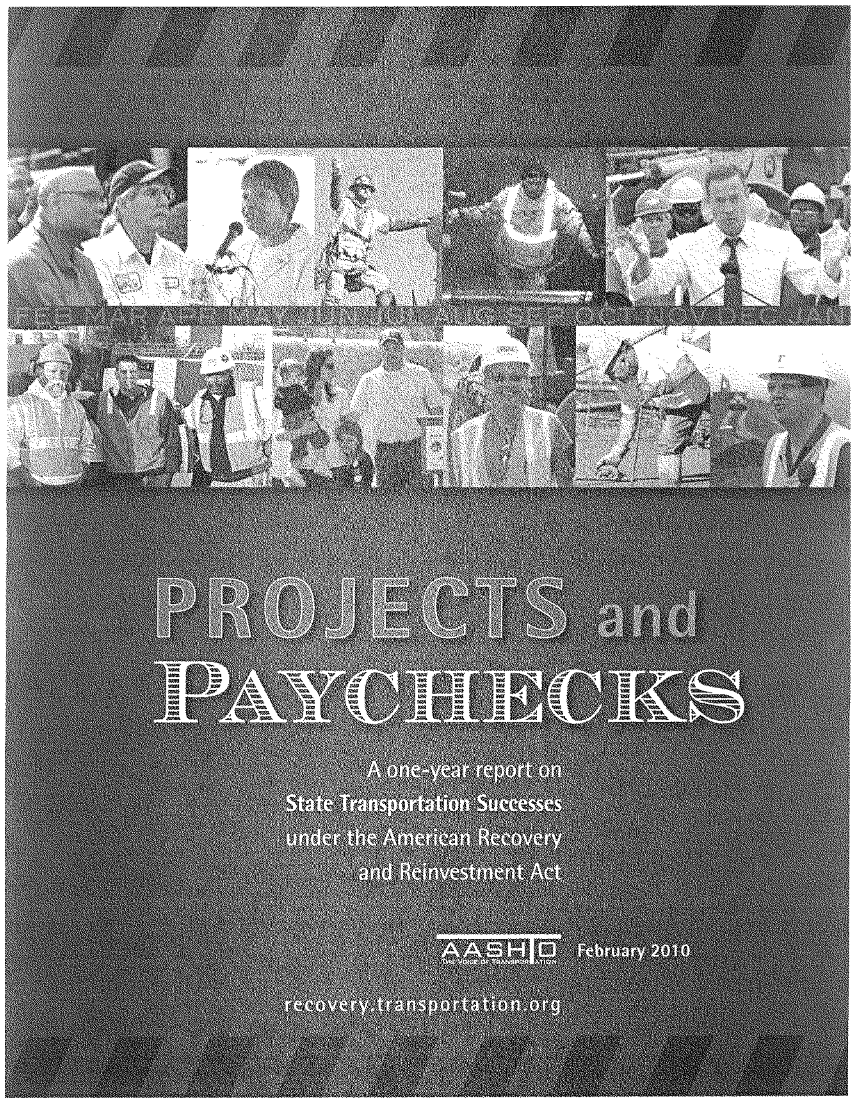
AASHTO's 2009 Bottom Line Report documented that as of 2008 there was a backlog of needed highway and bridge investment of $490 billion. According to U.S. DOT, 46.3% of the backlog was for investment needed in system rehabilitation and 44.6% was for system expansion. What that the U.S. DOT analysis shows is that as investment is made in the future to reduce that backlog that a balanced approach will be needed that addresses both condition and performance. If only rehabilitation took place, the condition of roads and bridges would improve, but traffic would grind to a halt.

There continues to be interest in Congress in giving high priority to bringing the highway system into a good state of repair. One of the things the $26.8 billion in ARRA highway funding provided to the states did was enable them to eliminate part of the highway and bridge preservation backlog. 96% of the ARRA highway funds spent so far has gone to system rehabilitation.

Launch a New Era of Intercity Passenger Rail.
In addition to the $8 billion provided in ARRA for Intercity Passenger Rail, the FY 2010 transportation appropriations bill provided $2.5 billion, and the President's FY 2011 budget calls for providing an additional $1 billion for High Speed Rail. Together with the $ 9 billion in state funds authorized for the system being planned in California, and other resources being committed in other states it appears that significant funding is indeed being committed for this purpose. AASHTO believes that we are overdue for the U.S. to provide a robust intercity passenger rail network that provides competitive, reliable, and frequent passenger rail service, comparable to world-class systems in other countries. 37 states applied for ARRA high speed rail funds, and 31 states received grants. Many of the states which did not receive funding in the

initial round are working to position themselves to compete for subsequent funding. So it would appear that state interest in this mode of transportation is real.

Madame Chairman, I appreciate the opportunity to testify and look forward to answering any questions you or your Committee Members may have.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PROJECTS and
PAYCHECKS
A one-year report on
State Transportation Successes
under the American Recovery
and Reinvestment Act
AASHTO
THE VOICE OF TRANSPORTATION
February 2010
recovery.transportation.org

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

Based upon the project approvals as of January 7, 2010, Recovery Act investments will:

- Improve, replace or newly construct 1,125 bridges.
- Improve, resurface or widen 21,400 miles of pavement.
- Implement 1,700 miles of safety traffic management projects.
- Build or construct more than 630 miles of bike lanes, sidewalks or environmental mitigation projects.
- Purchase 7,450 buses and construct 1,637 bus shelters.

Real People Are Working Real Jobs

- 280,000 direct, on-project highway and transit 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.

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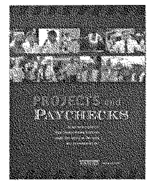

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Acknowledgments

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 wayside 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.

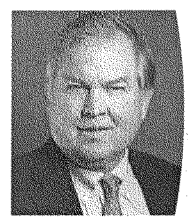
As president of AASHTO, I think I can speak for all my colleagues and say that we are proud of our work over the past 12 months—and we are ready and more than able to continue to get the job done, on time and to the benefit of our communities.

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.



John Horsley, AASHTO Executive Director

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.

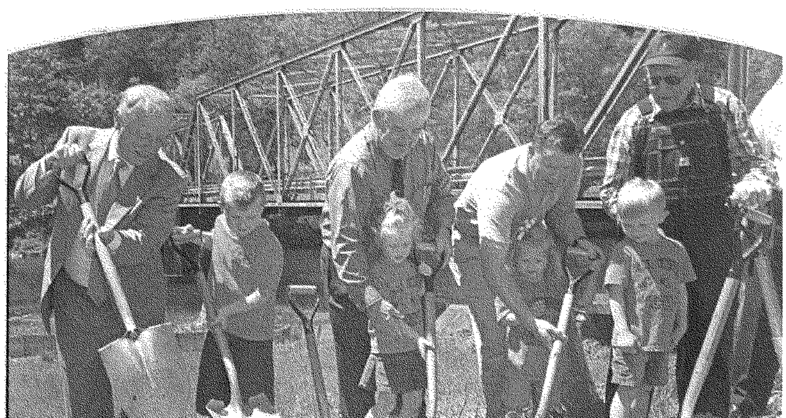
Does this work translate into true recovery? If unemployment in the construction industry overall stands at over 22 percent today, a legitimate question to ask is whether stimulus investment in transportation has made a difference or not. The answer is clearly yes.

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."

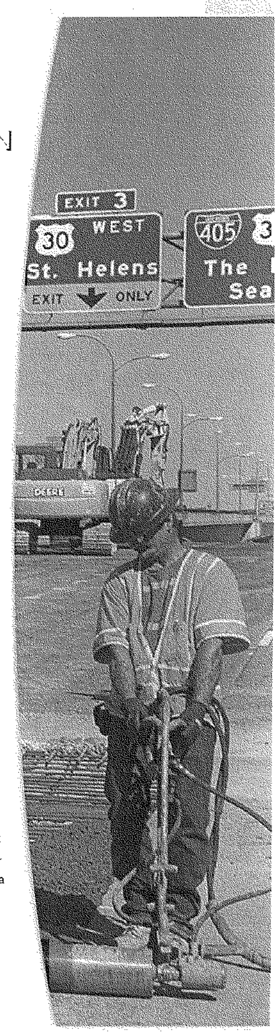
According to Alison Black, senior economist for the American Road and Transportation Builders Association, "Recovery funding has been the lifeline that has, thus far, kept much of the industry afloat during the economic downturn." She added that while federal recovery funds have added jobs, many state 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

Susan Martinovich, AASHTO Vice President

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 the 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.

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:

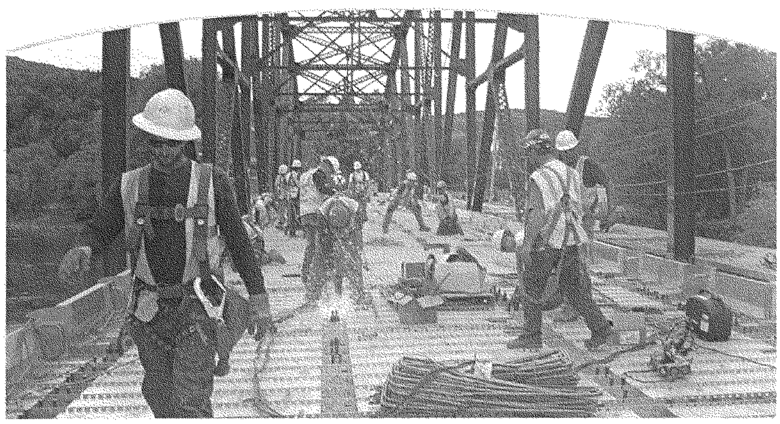
- 11,100 highway projects have won federal approval to proceed;
- 7,047 highway projects are under contract or ready to proceed; and
- 2,143 projects are already completed.

Pavement Preservation

As of early January, recovery funds are being used to improve 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 22,000 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 are also resulting in improvements to 1,125 of the nation's bridges, the states reported as of January 7.

Bridge projects include 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 are being 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 are also investing 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 is underway 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.

Photo: Mario Olivero

Improving and Operating Transit

Funding of $8.4 billion has enabled states and transit agencies throughout the nation to address long-unmet needs for capital investment in new buses, transfer stations, track repair and renovation, and even operating assistance. As of February 4, the Federal Transit Administration reported it had obligated $7.23 billion of its recovery funding to 708 projects, nearly 87 percent of available funding. Another 216 project applications, valued at $1.07 billion were under review. If approved, FTA would have distributed $8.3 billion to 924 projects nationwide.

As FTA Administrator Peter Rogoff noted, aside from high-speed rail dollars, transit received the largest percentage boost of its program of any transportation agency—an 80 percent increase in its FY 2009 funding, with a deadline of obligating half those funds within six months, and all the funds within a year.

In addition to the $8.4 billion for transit included in the recovery act, states flexed another $330 million in highway funding for use in transit and multi-modal projects.

Among the many success stories resulting from transit recovery funding are:

- Improvements valued at $24 million to three MARC commuter rail lines in Maryland to enhance customer service and preserve existing facilities;
- A $2 million renovation of trolleys in San Diego;
- A $66 million new start grant for a metro extension in Los Angeles;
- Safety and lighting improvements to the I-205 Multi-Use Path which accommodates walking, biking, and transit; providing easier access to the new light rail system adjacent to I-205 in Portland, Oregon, a joint project of TriMet and the Oregon Department of Transportation;

A full listing of transit projects by state and city is available at: http://www.fta.dot.gov/documents/FTA_ARRA_Awards.xls.

On Track with Intercity Passenger and High-Speed Rail

An exciting transportation initiative that sparked nationwide enthusiasm was the dedication of $8 billion in recovery funding for high-speed and intercity passenger rail. The Federal Rail Administration worked closely with the states to develop a grants process and engage in close cooperation with states which have fostered intercity passenger rail service for more than a decade. A total of 37 states and the District of Columbia submitted grant applications totaling more than $57 billion. On January 28, before a cheering crowd in Tampa, Florida, President Obama announced the award of grants to 31 states and the District of Columbia. (www.highspeed-rail.org).

Grant awards ranged from $2.34 billion to four projects in California to planning funds to enable other states to move forward with intercity passenger rail projects for possible future funding.

- In Florida, some $1.25 billion in recovery grants will go toward the creation of a new high-speed rail corridor that connects Tampa Bay, Orlando, Miami, and other communities in central and south Florida;
- North Carolina and Virginia received $620 million in funding for improvements to 480 miles of track in the Southeast Corridor connecting Charlotte, Raleigh, Richmond, and Washington, DC;
- Wisconsin and Minnesota will receive some $823 million to upgrade, build, and plan 441 miles of track to establish intercity passenger rail service between Milwaukee and Madison by 2013. Improvements between Chicago and Milwaukee will ultimately reduce travel time by more than 30 percent and increase maximum speeds from 79 mph to 110 mph. Eventually, passengers will be able to travel from Chicago to the Twin Cities at a top speed of 110 mph, saving time and energy.

"This historic day is the culmination of more than a decade of work by state DOTs across the country to revive passenger rail as a major transportation option in America," said Gene Conti, Secretary of the North Carolina Department of Transportation and Chair of the AASHTO Standing Committee on Rail. "This is also only the beginning of that resurgence. States stand ready to plan, build, and deliver high-speed rail for the United States."

Meanwhile, Amtrak put some $1.3 billion in recovery funds to work, including $450 million for capital security grants. Amtrak estimates that its ARRA-funded projects will create approximately 4,600 jobs or 8,800 full-time equivalent positions over two years.

Among the Amtrak projects funded with the recovery program grants were:

- $100 million for facility repair across the nation;
- Return of wrecked rail cars and locomotives to service;
- Repair and replacement of aged Amtrak-owned rail bridges in the Northeast; and
- Construction of new facilities to serve growing numbers of commuters.

A full description of Amtrak projects is available at:
http://www.amtrak.com/servlet/ContentServer/Page/1241245669222/1241256467960.

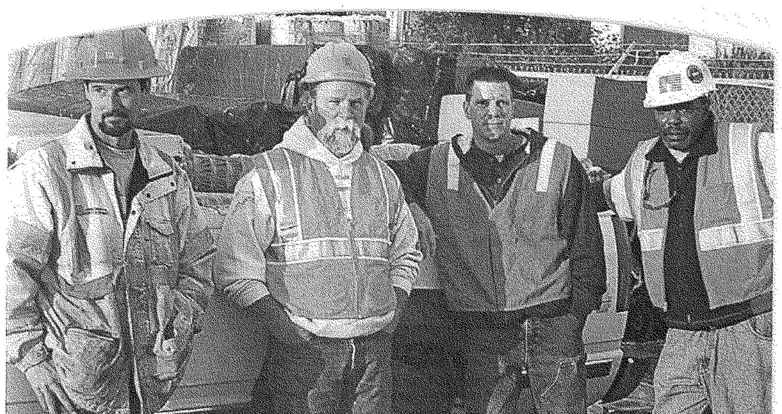
Further examples of state projects, by state or by kind of improvement, can be accessed at the new AASHTO website: www.recovery.transportation.org.

CHAPTER 2

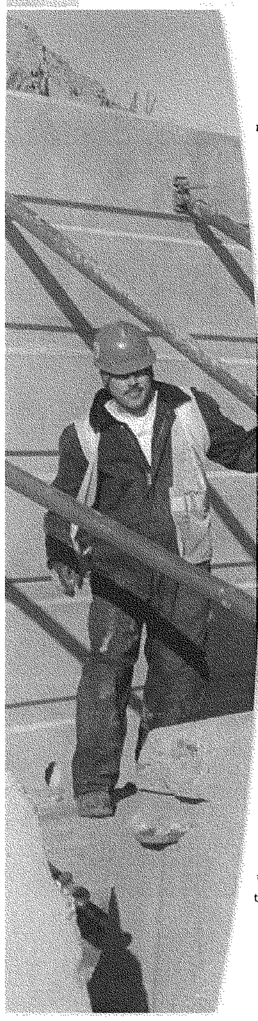
Constructing Jobs: The People Behind the Stimulus Numbers

Transportation turned out to be a marvelously efficient way to help stimulate the economy. Just a year after the stimulus bill was signed into law, over 11,000 projects are already completed or are underway, putting tens of thousands of Americans to work—many of whom had been unemployed for months.

Construction trade unemployment in Michigan last year probably topped 40 percent, according to Kirk Steudle, the state's transportation director. One person who had been out looking for more than half a year was Frank Anzenberger. As Steudle says, ***"This is a guy who has been in the industry for 30 years—***



Charles Graham, Dean Libhart, Erik Buholm, and Rich McKinney were all out of work for months before landing jobs on the I-5 Port of Tacoma to King County Line HOV project.



not a newbie. " But with the economy still sluggish and so little building going on, Anzenberger might have stayed out of work for many months to come.

Instead, Anzenberger was not only hired, he had the chance to introduce Vice President Joe Biden at a Kalamazoo ceremony last June marking the approval of the 2,000th transportation project funded by the stimulus bill, formally known as the American Recovery and Reinvestment Act, or ARRA. ***"The economic stimulus does mean to me that I'm going to have a weekly paycheck,"*** Anzenberger said.

His story has been repeated all over the country. Fred Arellano, a construction worker with 33 years experience, went out looking for work every day for four months without success until he landed a job supervising an ARRA-funded $17 million paving project in southern New Mexico.

Rhea Mayolo, a divorced mom who had been supporting her kids by working multiple jobs waiting tables and keeping books, found a more comfortable living after being hired by a Maryland engineering firm that had received some stimulus work last spring.

"There are some really talented people who are out of the workforce," said Jim Duit, president of a construction company in Edmond, Oklahoma. ***"If it wasn't for the stimulus, we would have laid off 40 or 50 percent of our people."***

Putting People to Work

By including $48 billion in new transportation funding over two years, states were able to move quickly through the contracting phase and get needed salary dollars out the door to thousand who might otherwise been in the unemployment line.

"I'd much rather give money to a contractor who is doing real, meaningful work for our state than to have to extend unemployment benefits," said Susan Martinovich, director of the Nevada Department of Transportation.

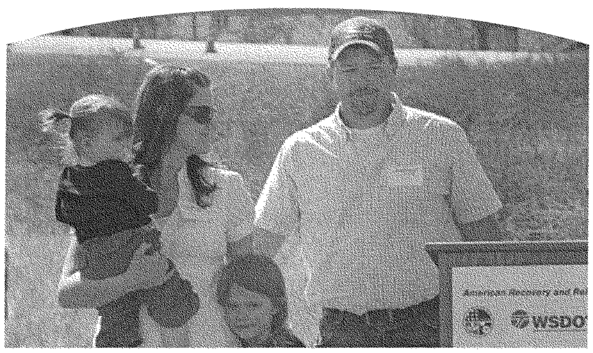
All Bart Presinger wanted was a job. After being laid off at the start of 2009, Presinger sent out more than 50 resumes during the next six months. Despite having worked in construction for a quarter of a century, Presinger could not get a nibble. Finally, Presinger was hired as a project manager, overseeing the construction of three miles of new six-lane highway, connecting the California–Mexico border with Interstate 805—a key conduit for international trade where truck traffic is expected to double by 2020.

Presinger is overseeing 115 people at the work site and only regrets that there isn't work for more. He knows how tight things can get when you are out of work. ***"We were skimping everywhere we could and we were maybe two months away from possibly missing a payment on the house,"*** he said. ***"Thank God I got hired on. It really saved our way of life."***

Up the Pacific Coast, a two-year job widening Interstate 5 between the Port of Tacoma and the King County line put back to work several laborers who had been idle for months in Washington state. Many members of Laborers' Local 252 struggled to support young families and elderly parents and, in Michael Joseph's case, caring for a wife battling cancer. Joseph had only worked four months of the previous 12 before he was hired on for the Interstate job. ***"I just started crying,"*** he said after getting hired. He had been helping to care for his ailing wife, and he could not keep up with the costs without work. ***"For me, health care is everything,"*** he said.

Across the country in suburban Maryland, three ARRA-funded projects allowed Guardrails, Etc., a minority contractor/subcontractor, to hire back 15 employees last May—ending layoffs that had reduced its workforce by 25 percent. The company was also able to buy two trucks, one new and one used, to work on the jobs. ***"I am so thrilled to be working on these projects and keeping my people on the payroll and off of unemployment,"*** said Marnie Beier, Guardrails' president.

Adam Zaharick's concerns centered on education. For two summers in a row, he had worked as a laborer in central Pennsylvania, allowing him to pay his own way through college without taking on debt. Last



Columbia Asphalt construction worker Jeff Randolph with his family.

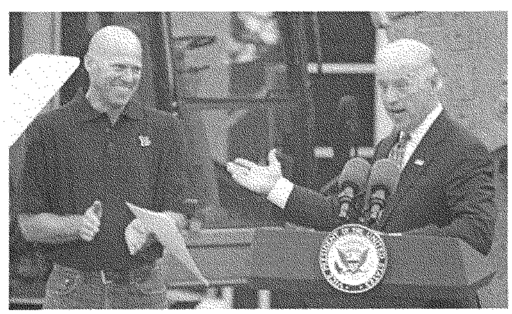
spring, it looked doubtful that he would be recalled for a third season until his boss landed an ARRA-funded project that saved or created 30 jobs.

"Altogether, more than 7,000 people are directly working on transportation and water infrastructure projects now," Pennsylvania Gov. Ed Rendell said. ***"These 7,000 people are earning paychecks and are able to pay their bills, shop in their community, and help get this economy revved up."***

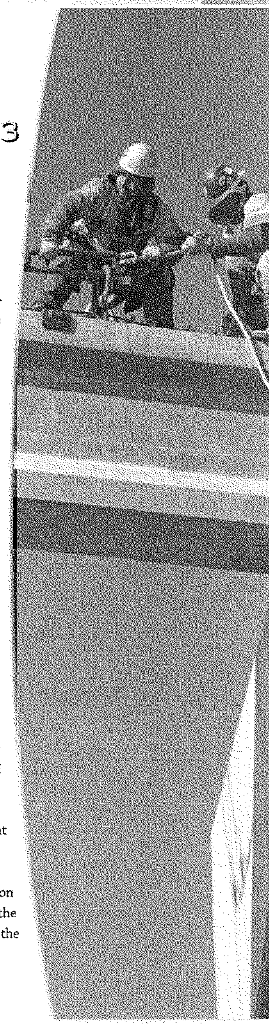
Benefits Ripple Through the Entire Economy

As grateful as contractors are to be able to put crews of 50 or 250 people back to work, the amount of direct hiring funded by ARRA tells only a portion of the story. The number of jobs for engineers, concrete mixers and stripe painters badly undercounts the impact on employment from state DOT projects. Stimulus provided 10 percent of the business enjoyed by Michael Hawbaker's construction company in Pennsylvania last year, saving more than 120 jobs. But his company also owns a pre-stressed bridge operation, which benefited from nearly as much work on other stimulus projects. ***"None of those count (in the "official" ARRA jobs' tally) because they're suppliers,"*** Hawbaker notes.

With gas tax and registration fee receipts in decline, the recovery dollars came along at just the right moment to help contractors, construction workers, and the industries that serve them—equipment manufacturers and rental companies, steel makers and quarries, motel owners and restaurants near their sites. ***"Bring on the hardhats and the payloaders, the engineers and surveyors, the lunch trucks and the laundromats and countless other people and employers who stand to benefit from a boost to our economy,"*** Connecticut Governor Jodi Rell said in celebrating a $73 million project to widen Route 1 and replace Amtrak's bridge over that highway.



Craig Miller, Project Supervisor for O&G Industries on Connecticut's Merritt Parkway Project, is thanked by Vice President Joe Biden for his work.



CHAPTER 3

The Long-Lasting Benefits for Long-Term Recovery

Although the overriding goal of the recovery act was to get people working—something transportation was able to accomplish most effectively—the money spent on infrastructure was far from make-work. Thanks to projects undertaken by state transportation departments and their local government partners, congestion will be eased at major chokepoints in metropolitan areas such as San Francisco, Trenton, and Denver. Rural areas from Alaska to North Carolina are witnessing the construction and rehabilitation of roads and bridges that provide a lifeline for their communities.

"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 will be improved, new highways built, and bike and walking paths constructed to provide safer access to schools. In short, for every transportation dollar spent now, we are giving something back that will be permanent for the future," said Larry "Butch" Brown, AASHTO President and Director of the Mississippi Department of Transportation.

Pennsylvania is making a big dent in reducing the nation's largest inventory of structurally deficient bridges; their overall total went down last year for the first time in nearly a decade. Indiana's transportation projects to add cable guardrails on 74.8 miles of its interstate highways has already reduced the number of highway fatalities to their lowest level since 1925.

One constituent wrote, "I just wanted to thank you for installing the safety cables along I-70 near Richmond, Indiana. We were traveling east on I-70 on 9-11-09. I nodded off for a second and ended up getting caught by the safety cables. It was about 3:45 in the afternoon. Without the safety cables we and oncoming traffic would have been involved in a horrific accident. I don't know how to thank you enough for saving our lives."

Projects in Missouri, Texas, and Rhode Island, among other states, have led to direct investment from the private sector that will dwarf the outlay from state transportation departments.

"It showed that the DOTs around the nation are good stewards of our funds," said Mark Compton of American Infrastructure, a contractor based in Maryland. "In some states, they doubled the program for the year. The projects were put out, they were done well, and now we really have the assets."

More Work for Every Stimulus Dollar

And states have gotten a bargain. A study by the Government Accountability Office found that for 10 states and the District of Columbia, the majority of contracts are being awarded for less than the original cost estimates. In Georgia, contracts came in, on average, 30 percent lower than state estimates, while Colorado and Massachusetts have seen savings of 15 percent, on average. It became clear to states that contractors who have to make debt payments and payroll were hungry for work. Out-of-state bidders have become common place and today it is not unusual for state DOTs to get eight or 10 bids on projects totaling under $1 million—leading to great savings for taxpayers.

"Our money's going further and we're able to deliver more improvements for the dollar," says Paula Hammond, Washington State's secretary of transportation. "We call it a two-fer—we get good transportation improvements and we were able to put people to work."

The transportation improvements are key. Although the stimulus dollars are being spent quickly, they will have a lasting impact in improving the nation's strained transportation network. "You not only create jobs today, you ensure the economic vitality of the future," says Oklahoma DOT Director Gary Ridley. "When we think of the aging infrastructure that we have in our state, our country, our communities, the investments made many years ago are what drive the economic engine of today.

"Certainly, if the federal government wishes to spur the economy not only today but in the future, putting the money into infrastructure is absolutely the best thing to do."

The people who work in transportation in America are deeply grateful for the help they've received through the federal stimulus. There's no question that it filled a gap in funding for states that have struggled over the past year and continue to face budget shortfalls in the billions. And people who work at state transportation departments are enormously proud that they have been able to meet the challenges set forth by Congress and the Obama administration. They have spent this money both wisely and at a breakneck pace, while meeting unprecedented demands for accountability and transparency.

Moving Faster

Minutes after the President signed the Recovery Act on February 17, 2009, Missouri transportation officials met beside a dilapidated bridge over the Osage River that connected, among other things, the state capital with the Fort Leonard Wood army post. The bridge had been built in 1933, and it had become common to see huge chunks of concrete fall below as cars passed over. Because of the structural issues, trucks had been banned from the bridge in 2007. "This is a terribly dilapidated, dangerous, outdated bridge," said Tom Wright, a Miller County commissioner.

Knowing the stimulus bill was moving fast, the Missouri Highways and Transportation Commission rushed to get ready. Before the ink was dry on the ARRA bill, commissioners officially signed off on the $9 million project to build a new bridge beside the crumbling old one. "The local people are absolutely ecstatic about it," Wright said. "It's a huge safety factor for us and we've wanted it for a long time." The Osage River bridge was only one of four projects the Missouri Department of Transportation got underway on stimulus signing day, one year ago. Other states were similarly quick off the blocks, proving an important point about transportation funding.

Contrary to the warnings from some economists that transportation and infrastructure were too slow for injecting cash into the economy, the way their funding is structured actually gets things moving quickly. Other ARRA-funded programs have to wait on actual checks from the federal Treasury. But state DOT officials are able to spend money right away, only receiving federal reimbursement some time later.

For example, by mid-November, states and local governments had obligated $20.4 billion dollars to fund just over 8,800 projects nationwide, according to GAO. The federal government had actually written checks for $4.2 billion at that point—just over a fifth of the total outlay.

Oklahoma DOT is using $65 million of its Recovery Act funds to reconstruct I-244 in Tulsa.

"The economic impact of the stimulus is not when the federal dollars are being disbursed," said Pete Rahn, Missouri's transportation director. "It occurs as soon as we let a contract and the contractors are putting in orders for steel and for workers at union locals. The minute they know they are low-bid, they start spending the money and stimulating the economy."

It is all about timing. With state budgets in freefall, said Susan Martinovich, Nevada's transportation director, "the recovery act was tremendously important because it came at a time when we were seeing a drop in our gas tax receipts. We were panicked at our ability to put out projects and even match the federal funding we were seeing."

Stimulating the Broader Economy

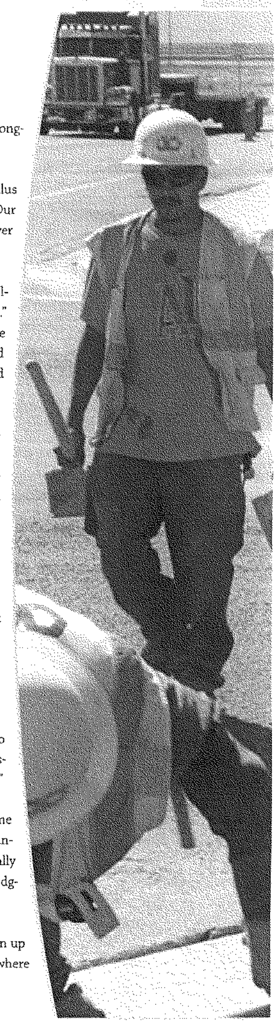
Beyond the economic bonus generated by construction workers and contractors having some money in their pockets, state transportation departments (DOTs) have helped open up entire new areas for business development, paying immediate dividends to the economy.

A new bridge across the Colorado River is helping the city of San Angelo, Texas, keep its commitments to the largest new manufacturing plant it has seen in decades. In 2008, Martifer-Hirshfeld Energy Systems had agreed to locate a wind tower construction plant in San Angelo, on the condition that an early 1900s rail bridge across the Colorado River be replaced. It was simply too low and too narrow to carry Martifer's wind towers north to markets throughout the rest of the country. Texas had earmarked some funding for the project, but "only when the stimulus funds came into play were the officials able to put the needed funds in place to replace the bridge," said Phil Neighbors of the San Angelo Chamber of Commerce. "It was necessary for us to retain the jobs that they pledged to us."

In St. Louis County, the completion of a north-south highway will open up thousands of acres to development, creating up to $20 billion in economic activity over the next 20 years, according to a University of Missouri-St. Louis study.

Completion of Highway 141 had been talked about for decades, but without stimulus funding it would have been only that—just talk. "This opens up 3,000 acres in a developed urban county that doesn't have 3,000 acres of developable land anywhere else," said Mac Scott, spokesman for St. Louis County Executive Charlie Dooley. "The land was there—good property for development, and the kind of development that will help grow an economy."

In Johnston, Rhode Island, Mayor Joseph Polisena said he was "hell bent" to redevelop a parcel of land that had sat vacant for 18 years. Just 300 yards from town hall, the land was clearly a blighted property. In order to widen and improve Hartford Avenue—a prerequisite for the parcel's development—the Rhode Island DOT had completed all the necessary engineering and planning work and has assembled much of the property needed. But the state lacked the funds to finish the project. Thanks to $3.4 million from ARRA, RIDOT's work is scheduled to be completed in Spring



2011—and the first phase of a $40 million shopping and hotel complex should be finished alongside the road improvements.

"It was one of those shovel-ready projects that you hear about in the press that this stimulus was supposed to get off the ground," said Jeffrey Saletin, who is developing the property. "Our project, with so much money being put in by the private sector, is probably a project that never would have started if this road hadn't been improved."

One of the biggest stimulus project in the country is an effort to untie traffic north of the Dallas-Fort Worth Airport, where eight highways converge to create what locals call "the funnel." Despite the name, traffic does not shoot through the funnel. Instead, it's the scene of some of the worst congestion in the state, affecting commuter patterns in a multi-county area and making it a chore to get in and out of one of the nation's busiest airports for both fliers and cargo handlers.

The billion-dollar project, which received $250 million in stimulus funds, includes the complete reconstruction of three major highway interchanges and five major arterial crossings. The project will also add four managed lanes—two in each direction—that will generate revenue to fund the corridor's operations and provide a choice for travelers to pay for increased reliability and reduced travel time.

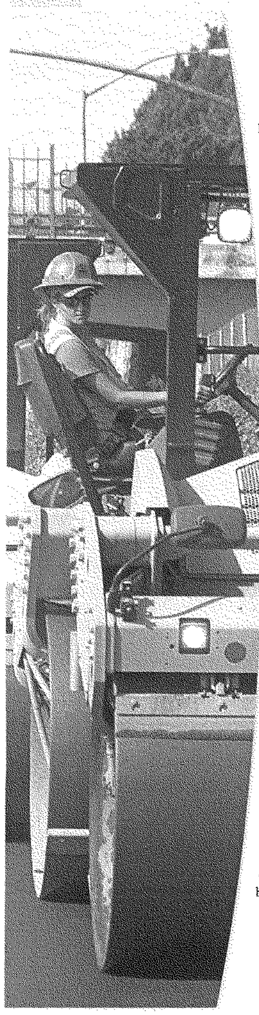
"It will not only enhance the development that's already constructed but it will improve the opportunities for economic development throughout the corridor," said Jerry Hodge, Grapevine's city engineer. The Texas project has been 15 years in the planning stages. "It was certainly a godsend and we wouldn't have been able to do as much without the economic stimulus," Hodge said.

Getting Roads and Bridges Back in Shape

In his 1954 novel *The Ecstasy of Owen Muir*, Ring Lardner, Jr. noted that "everyone wants to build in this country, no one wants to maintain." That sentiment is no less true today. As Missouri DOT Director Pete Rahn noted, "It's not very sexy. You don't cut a ribbon for an overlay."

But, while there may be no signature ARRA-funded transportation project that people will come to think of as emblematic—no lofty new bridge that redefines a city's skyline or brand-new interstate connecting ports with the prairie—state DOTs are accomplishing something equally important. They are making it possible for drivers to make better use of existing roads and bridges that, thanks to current preservation efforts, will last for a much longer time to come.

"People get frustrated with always seeing the construction barrels and cones, but as we open up some of the areas of congestion—along I-405 we straightened out a troublesome S-curve where



people used to sit every morning, and now the bottleneck is gone—we've given them back an hour of their day," said Washington State Transportation Secretary Paula Hammond.

Up in Alaska, the Glenn Highway is the only highway north from Anchorage into the state's vast interior—the primary route for goods heading north from the Port of Anchorage and oil field modules and equipment bound for the North Slope and the Trans-Alaska Oil Pipeline. In addition, the highway serves as a major commuter route, carrying 42,390 vehicles daily—a significant number anywhere but especially so in a lightly populated state.

Despite its importance, the Glenn Highway was in bad shape. "I don't want to use the word hazardous, but it was certainly a challenge to travel the Glenn Highway," said John Fuglestad, general manager of Quality Asphalt Paving. "Certainly this project did need to be done because the road was severely rutted." Putting its own team and a group of subcontractors to work—the project employed 177 people at its peak—QAP resurfaced 14 miles of highway from Hiland to Eklutna, on time and under budget. Because of the use of studded tires in the area, the project included Alaska's largest application of a rubberized asphalt pavement mix, which for a relatively minor increase in cost is expected to nearly double the life of the pavement.

States have taken advantage of the ARRA money to clear up nettlesome problems that they simply couldn't afford to address before. In Alabama, increased costs have meant that the number of deficient miles of roadways increased by 29 percent from 2003 to 2008, despite the fact that the Alabama DOT had doubled the amount of funding for resurfacing. The state DOT decided to devote roughly half its portion of the stimulus funds—$48 million—to resurfacing existing roads including an effort to rehabilitate an 11-mile section of old and deteriorated concrete pavement along Interstate 59 in Etowah County. Work on the section had been delayed for years, because the project would have eaten up half the state's annual apportionment for Interstate maintenance.

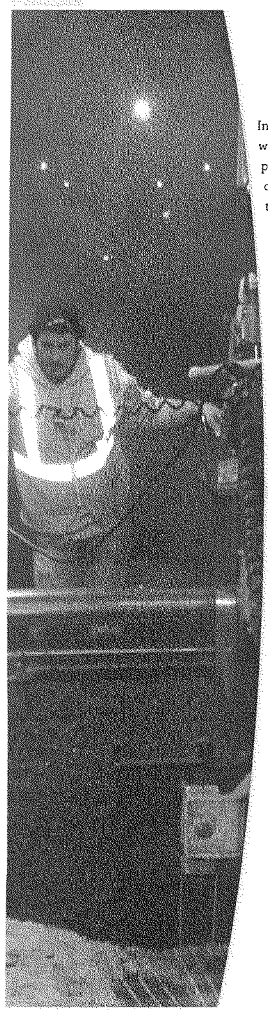
Along similar lines, Pennsylvania is devoting a good deal of its ARRA program to getting its bridges back into shape. The state has a backlog of 5,700 structurally deficient bridges statewide, including 37 located on Interstate 95. PennDOT decided to invest $70 million to repair the Girard Point Bridge—one of the state's largest and most important, daily carrying more than 84,000 vehicles per day across the Schuylkill River, just south of downtown Philadelphia. The bridge, built in 1973, is starting to show its age. The current corrective work will help keep traffic moving along one of the nation's busiest corridors and obviate the need to spend much more on repair or even replacement in the future. "I can't tell you how important it has been," said PennDOT Secretary Allen D. Biehler. "Pennsylvania has absolutely been struggling with a backlog of bringing our roads and bridges into good repair."

West Virginia decided on a similar approach, rehabilitating 26 bridges all across the state. "The funding was a welcome infusion," said West Virginia DOT Secretary Paul Mattox, Jr. "Many of these bridges were built early in the 20th Century. By replacing these rural bridges, we will greatly improve the safety of motorists—our residents, tourists or travelers—throughout this region."

Relieving Chokepoints

All states have clearly benefited from the funding opportunities that ARRA has afforded them. Along with repair work and new projects, states have been able to expand their capacity at critical chokepoints. Groundbreaking occurred this month for construction of a fourth bore through the Caldecott Tunnel, which connects Alameda and Contra Costa counties in Northern California. Presently, one of the current three bores is switched each workday to accommodate the direction or travel that is heaviest, which results in traffic backing up in the non-commute direction. The $215 million project has received one of the highest allocations of ARRA funding in the nation—$197.5 million—and will create 5,500 to 6,000 jobs.

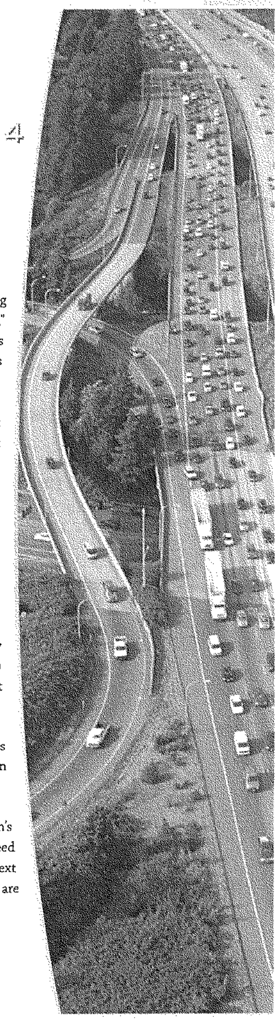
Installing guardrails to improve safety was a goal of several recovery projects.



In Delaware, backups are part of life at the I-95 Toll Plaza near Newark, Delaware—one of the worst bottlenecks along the Northeast Corridor. Average daily traffic exceeds 78,000 vehicles and peak seasonal volume is well above 100,000, all of which slows down to due limited amounts of processing available at the toll booths, causing frequent accidents. (The crash rate is nearly three times the average for interstate highways throughout the state.) By creating new EZ Pass lanes and upgrading existing ones, Delaware transportation officials predict that the number of vehicle-hours of delay will be reduced by 90 percent next year.

North Carolina is also building capacity for its busiest rural public transit system. AppalCART, which is located in Boone, now provides 1.2 million rides to Watauga County residents and students at Appalachian State—more than double the number in 2000. This boost in business has meant that the system has purchased longer buses but, at the same time, it has overwhelmed its main transit center. Thanks to ARRA, the center is now being replaced by a new "green" building.

"Our transit system has been in the same place for 24 years, and we've outgrown it," said Chris Turner, director of AppalCART. "Basically, the ARRA not only saved the state a lot of money, it provided a true stimulus for the local economy—with public transit serving as the economic engine."



CHAPTER 4

Looking to the Future and Longer-Term Solutions

By funding projects that enable many states to address their most pressing needs and allowing them to fix some of the weak links in their systems, stimulus has had a happy "domino effect," said Gary Ridley, Oklahoma's transportation director. ARRA has opened up holes in his state's eight-year construction program, allowing ODOT to move other projects forward. Other states have also been able to make some headway on their back inventory of needed work.

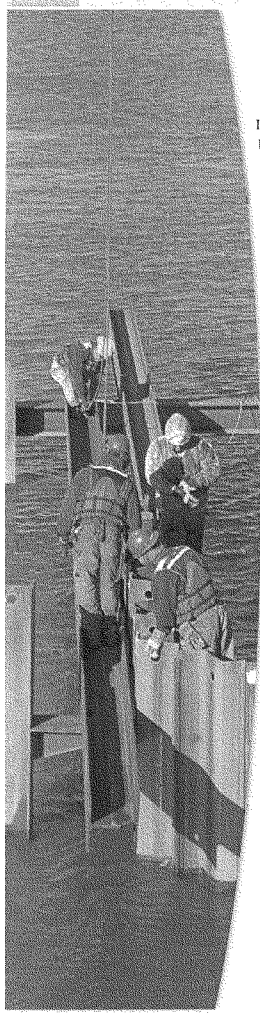
Pennsylvania Transportation Secretary Allen Biehler said, "ARRA has really had the impact that was anticipated by the people who passed this legislation in the first place. Folks I talk to—who are not the DOTs—say that the transportation stimulus money is one of the best parts of the stimulus program. The result has been tangible, meaningful improvements that the public can enjoy for years to come."

But as Biehler points out, the stimulus was the equivalent of one year's federal transportation aid. Although entirely welcome, this is not enough to clear up the backlog of projects that state DOTs are planning—and certainly not enough to provide certainty looking ahead for the construction industry.

Nevada DOT Director Susan Martinovich said, "I've heard from our contracting community that they want and need more projects. Knowing there are still projects coming out (for bid) gives them some assurance that there will be opportunities for work in the future. Without having a bigger backlog, they are reluctant to buy equipment."

Without knowing what future funding streams are going to look like, contractors such as Michael Hawbaker in Pennsylvania say they're reluctant to buy pieces of equipment that can run into six and seven figures.

"The stimulus is great but what we need is long-term stability," said Kirk Steudle, Michigan's transportation director. "If we really want to crank up the Caterpillar plant in Peoria, we need contractors to know what the scope of the transportation program is going to be for the next few years." Steudle added that the short-term extensions of the federal transportation law are causing anxiety in the transportation community.



In fact, some people in the transportation field worry that the success of the Recovery Act might be leading some in Congress to believe it has already done enough to invest in the infrastructure of this country. "My concern is that they will delay a long-term bill, which really has a negative impact on our long-term planning process," said John Cox, Wyoming's director of transportation.

A new jobs bill passed by the House reflects the central role transportation and infrastructure play in making the economy more robust. But states are hopeful that Congress will turn its attention away from temporary funding streams and toward the longer-term solutions that are desperately needed. Even with the stimulus, states have barely been able to keep up with continually rising traffic demand, and no one expects the country to lose population or see a reduction in vehicle miles traveled any time soon.

"Both the stimulus and the jobs bill will have an enormous, beneficial effect on transportation infrastructure around the country," said Colorado Transportation Executive Director Russell George. "In most cases, it will have propped up a system that was beginning to fail because of other falling revenues. But to get it on a firm setting, we need more regular funding, to recognize that even with a two-year stimulus the system is failing faster than we can prop it up."

Throughout 2010, state transportation departments will be busy finishing the work already underway thanks to last year's Recovery Act. As the one-year anniversary approaches, nearly all the ARRA funds available to transportation have already been obligated. State DOTs, however, know their work is far from complete as they continue to improve the national transportation network and help to get the economy rolling again.

In an AASHTO survey in December, states identified another 9,800 ready-to-go projects valued at $79 billion that could proceed within 120 days. Transportation investment continues to be the nation's prime opportunity for job creation and economic recovery.

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Summary of Highway Projects. Federal Highway Administration. As of January 29, 2010

State	Funds ($)		Number of Projects		
	Available	Obligated	Obligated	Notice to Proceed	Completed
Alabama	$513,343,313	$445,672,226	226	126	15
Alaska	$173,520,994	$128,665,560	22	13	
American Samoa	$4,500,000	$4,500,000	1		
Arizona	$520,911,019	$381,395,263	177	159	21
Arkansas	$351,894,468	$269,699,314	103	77	53
California	$2,542,558,342	$2,409,532,528	867	118	48
Colorado	$385,574,130	$371,615,726	99	64	15
Connecticut	$299,253,956	$249,829,812	88	36	3
Delaware	$121,828,650	$65,530,988	31	27	
District of Columbia	$123,507,842	$102,221,125	13	11	
Federal Lands	$550,000,000	$254,008,372	122	51	
Florida	$1,348,480,707	$1,248,507,183	530	255	39
Georgia	$907,756,775	$823,907,557	329	150	
Guam	$18,000,000	$18,000,000	5		
Hawaii	$125,746,380	$98,324,691	20	12	
Idaho	$178,878,631	$172,706,553	66	63	
Illinois	$935,592,704	$914,909,886	735	497	189
Indiana	$657,727,707	$596,698,569	972	707	236
Iowa	$357,623,007	$354,778,952	232	191	48
Kansas	$348,242,169	$277,696,657	132	50	11
Kentucky	$420,829,347	$388,251,994	47	33	2
Louisiana	$433,016,357	$354,473,519	73	34	
Maine	$137,552,032	$131,002,032	73	72	58
Maryland	$415,524,777	$405,253,914	164	97	12
Massachusetts	$386,404,367	$377,605,900	83	40	
Michigan	$854,995,217	$774,491,498	575	426	189
Minnesota	$505,550,989	$501,942,254	201	136	65
Mississippi	$354,564,343	$338,527,623	162	68	13
Missouri	$638,602,918	$634,425,732	327	193	100
Montana	$212,470,571	$203,342,725	82	68	19
N Mariana	$4,500,000	$4,500,000	1		
Nebraska	$231,739,279	$199,342,846	102	58	12
Nevada	$201,352,460	$192,938,147	64	18	2
New Hampshire	$129,440,556	$127,584,542	33	27	9
New Jersey	$651,774,480	$588,109,982	147	46	2
New Mexico	$252,644,377	$246,183,192	87	20	
New York	$950,468,723	$944,258,723	443	303	77
North Carolina	$730,409,684	$701,670,592	361	272	28
North Dakota	$167,146,497	$167,146,497	162	118	1
Ohio	$919,627,030	$741,228,917	360	201	63
Oklahoma	$464,655,225	$439,455,980	248	162	45
Oregon	$275,930,284	$261,830,904	309	229	2
Pennsylvania	$1,027,679,012	$1,023,005,447	303	270	85
Puerto Rico	$105,000,000	$104,808,617	21	6	
Rhode Island	$137,445,725	$125,691,595	55	52	20
South Carolina	$463,309,029	$419,306,686	171	87	3
South Dakota	$186,877,359	$181,019,030	48	23	5
Tennessee	$575,571,043	$525,090,271	277	262	142
Texas	$2,240,215,146	$1,752,845,791	393	282	85
Utah	$213,919,543	$205,502,386	111	97	93
Vermont	$125,791,291	$121,590,326	62	32	20
Virgin Islands	$15,462,845	$10,692,498	3	3	
Virginia	$647,230,364	$422,225,495	90	22	3
Washington	$492,339,894	$481,033,919	204	170	88
West Virginia	$210,852,204	$189,104,103	115	104	54
Wisconsin	$531,307,063	$443,118,157	308	253	168
Wyoming	$157,616,058	$157,616,058	65	59	
TOTAL:	**$26,934,756,883**	**$24,074,418,854**	**11,100**	**6950**	**2143**

Miles Improved by Recovery Act Highway and Bridge Funds. As of January 7, 2010

State	New Const.	Pavement Improvement	Pavement Widening	Safety Traffic Management	Enhance-ments	Other	Total
Alabama	3.6	585.7	12.1	22			623.4
Alaska		102.1	0.3		7.6	1.8	111.9
Arizona	5.8	300.3	44.3		6	408.4	764.7
Arkansas	30.4	181.4	23.8			1.4	237
California	2.5	1,603.60	20.9	117.4	146.1	63.3	1,953.60
Colorado	4.8	199.1	16.7	63.7	14.7	3	302.1
Connecticut		53.1		0.1			53.2
Delaware		35.5		108.6	1.7	7.3	153
District of Columbia		31.3	0.3	14			45.6
Florida	8.4	426.8	62.2	125.6	84.8	14.1	721.8
Georgia	17.6	975.5	20.5	100.9	27.2	0.4	1,142.10
Hawaii		21.5	0.6				22.2
Idaho	5.1	103.9	15.5		0.5	45.7	170.7
Illinois	3.8	825.4	1.3	7.9	16.5	41.3	896.3
Indiana	5	1,391.50	16	67.3	24.7	57.2	1,561.70
Iowa	3.9	249.7					253.6
Kansas	2.9	88	21.1	0.4	0.8	7.3	120.7
Kentucky	5.8	77.9	14.2	1.1	1.9		101.1
Louisiana	4.3	29.5	2.6		0.2		36.7
Maine		198.8				0.4	199.1
Maryland		83	2.2	43.2	30.1	0.4	159
Massachusetts		136.1		7	2.2		145.3
Michigan		1,391.30	31.5	165.9	95.9	50.4	1,735.00
Minnesota		391.1	3	69.1	10.5	4.5	478.2
Mississippi	4	299.6		1	3		307.6
Missouri	35	1,247.20	57.4	5.1	52.4	16	1,413.00
Montana		201.8	6.3	1			209.1
Nebraska		276.1	2.2				278.3
Nevada		118.3			4.7	0.5	123.5
New Hampshire	2.8	567.3	3.8				573.9
New Jersey		53.8		14.8		16.7	85.4
New Mexico	24	201.7	34.3		11.4		271.4
New York		774.3	0.2	96	4.7	48.8	924
North Carolina		81.3					81.3
North Dakota		880.2			5.4	9.1	894.8
Ohio	1.5	307.7	4.9	7.9	4.4	1.8	328.2
Oklahoma		411.5	20.9	0.5	0.3		433.2
Oregon		271.2	12.6	179.2	3.3	67.3	533.6
Pennsylvania		354.4	1	19.6	7.2	0.6	382.8
Rhode Island		87		48	3.5	3	141.6
South Carolina	4.2	229	19.5	194.9	11.3	3	461.9
South Dakota		449.3	1.1				450.4
Tennessee	19.8	589.3	39.5	0.4	1.7	27.2	677.7
Texas	11.3	1,017.30	34	4.2	15.7	3.7	1,086.20
Utah	9	165.4	8.1	3.9	3.5	3.1	193
Vermont		210	7.1		0.3		217.4
Virginia	4.4	234.7	4.4			19.7	263.2
Washington	3.3	414.6	10	184.4	27.3	22	661.6
West Virginia	1	121.8	4.6				127.4
Wisconsin	1.2	384.4	35.9	0.2	0.4	31.4	453.4
Wyoming		301.5	3.6	13.6	3.8	29.6	352.1
American Samoa							
Guam							
Northern Marianas						1.5	1.5
Puerto Rico		33.2	2.5				35.8
Virgin Islands	4.9					0.4	5.2
National	230.3	19,766.50	622.8	1,688.80	635.6	1,012.20	23,956.30

Source: House Committee on Transportation and Infrastructure

Bridges Improved by Recovery Act Highway and Bridge Funds. As of January 7, 2010

State	Bridge Improvement	Bridge Replacement	New Bridge Construction	Total
Alabama	1	2		3
Alaska	2			2
Arizona	4	1	2	7
Arkansas	1	4	2	7
California	7	2		9
Colorado		4		4
Connecticut	9	4		13
Delaware	3			3
District of Columbia	2			2
Florida	16		2	18
Georgia		28		28
Hawaii	3	1		4
Idaho	6		1	7
Illinois	42	25		67
Indiana	77	16	13	106
Iowa	5	20	2	27
Kansas	1	15		16
Kentucky	1			1
Louisiana		12		12
Maine	5	3		8
Maryland	10	2		12
Massachusetts	3	2		5
Michigan	22	9		31
Minnesota	5	30	3	38
Mississippi	5	14		19
Missouri	9	6	2	17
Montana	3	4		7
Nebraska	7	15		22
Nevada			1	1
New Hampshire				
New Jersey	8	4	1	13
New Mexico	3	3	1	7
New York	53	50		103
North Carolina	17	13	1	31
North Dakota	1	4		5
Ohio	27	23	1	51
Oklahoma	6	55	4	65
Oregon	1			1
Pennsylvania	80	31		111
Rhode Island	5	1		6
South Carolina		8		8
South Dakota	1			1
Tennessee		52	1	53
Texas		23	6	29
Utah	3	3		6
Vermont	6	2		8
Virginia			1	1
Washington	1	7	3	11
West Virginia	25	26		51
Wisconsin	16	47	1	64
Wyoming	3			3
Puerto Rico	1			1
National	506	571	48	1,125

Source: House Committee on Transportation and Infrastructure

States Put Recovery Funds to Work. As of December 31, 2009

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Completed Projects*
Alabama					
Highway Infrastructure Investment	$513,692,083	$448,610,958	114	$386,995,000	13
Transit Capital Assistance	$40,132,290	$12,977,420	7	$9,682,489	2
Total	$553,824,373	$461,588,378	121	$396,677,489	15
Alaska					
Highway Infrastructure Investment	$175,461,487	$125,300,471	15	$95,765,222	2
Transit Capital Assistance	$40,868,579	$37,190,073	22	$20,995,030	1
Total	$216,330,066	$162,490,544	37	$116,760,252	3
Arizona					
Highway Infrastructure Investment	$520,911,019	$342,228,316	163	$328,660,626	21
Transit Capital Assistance	$99,921,878	$97,112,399	24	$20,553,636	4
Total	$620,832,897	$439,340,715	187	$349,214,262	25
Arkansas					
Highway Infrastructure Investment	$351,544,468	$254,827,379	80	$196,099,323	53
Transit Capital Assistance	$20,573,849	$19,636,947	19	$13,634,896	6
Total	$372,118,317	$274,464,326	99	$209,734,219	59
California					
Highway Infrastructure Investment	$2,552,945,059	$2,210,845,777	379	$1,213,101,799	144
Transit Capital Assistance	$803,266,404	$767,496,440	218	$506,130,413	85
Total	$3,356,211,463	$2,978,342,217	597	$1,719,232,212	229
Colorado*					
Highway Infrastructure Investment	$385,324,130	$303,414,765	65	$285,234,188	15
Transit Capital Assistance	$121,307,240	$113,428,567	27	$71,955,739	5
Total	$506,631,370	$416,843,332	92	$357,189,927	20
Connecticut					
Highway Infrastructure Investment	$302,053,956	$217,789,369	33	$199,463,567	0
Transit Capital Assistance	$120,767,245	$119,035,745	12	$113,071,188	0
Total	$422,821,201	$336,825,114	45	$312,534,755	0
Delaware					
Highway Infrastructure Investment	$121,828,650	$65,362,827	31	$64,962,826	3
Transit Capital Assistance	$19,000,000	$17,994,157	4	$17,700,767	0
Total	$140,828,650	$83,356,984	35	$82,663,593	3
District of Columbia					
Highway Infrastructure Investment	$123,507,842	$102,969,659	12	$99,223,833	1
Transit Capital Assistance	$184,083,396	$182,478,396	17	$123,483,722	1
Total	$307,591,238	$285,448,055	29	$222,707,555	2

* *Colorado's transportation management areas produced an additional $53 million in recovery act obligations; of which $18.6 million is under contract and two projects have been completed. This information is not reflected in Colorado's totals shown above in columns 3-6.*

States Put Recovery Funds to Work. As of December 31, 2009. *Continued*

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Com-pleted Projects*
Florida					
Highway Infrastructure Investment	$1,346,042,707	$1,231,623,708	342	$909,208,438	39
Transit Capital Assistance	$277,775,773	$231,373,967	186	$97,111,686	73
Total	$1,623,818,480	$1,462,997,675	528	$1,006,320,124	112
Georgia					
Highway Infrastructure Investment	$906,585,680	$778,434,041	262	$685,215,135	0
Transit Capital Assistance	$128,782,318	$116,901,656	9	$43,973,731	0
Total	$1,035,367,998	$895,335,697	271	$729,188,866	0
Hawaii					
Highway Infrastructure Investment	$125,746,380	$98,061,066	12	$40,798,138	0
Transit Capital Assistance	$43,582,583	$43,582,583	4	$2,888,921	0
Total	$169,328,963	$141,643,649	16	$43,687,059	0
Idaho					
Highway Infrastructure Investment	$178,878,631	$173,802,643	14	$100,542,796	0
Transit Capital Assistance	$29,935,196	$29,214,994	34	$12,269,536	0
Total	$208,813,827	$203,017,637	48	$112,812,332	0
Illinois					
Highway Infrastructure Investment	$935,592,704	$865,041,248	547	$730,503,989	189
Transit Capital Assistance	$365,568,604	$347,074,862	46	$334,793,925	7
Total	$1,301,161,308	$1,212,116,110	593	$1,065,297,914	196
Indiana					
Highway Infrastructure Investment	$657,967,707	$479,940,367	816	$479,940,367	236
Transit Capital Assistance	$76,642,415	$61,430,069	51	$52,936,159	15
Total	$734,610,122	$541,370,436	867	$532,876,526	251
Iowa					
Highway Infrastructure Investment	$357,623,007	$355,081,150	236	$344,107,466	48
Transit Capital Assistance	$35,640,339	$33,034,369	90	$27,861,169	6
Total	$393,263,346	$388,115,519	326	$371,968,635	54
Kansas					
Highway Infrastructure Investment	$347,817,167	$278,886,370	85	$247,168,728	11
Transit Capital Assistance	$25,203,158	$20,530,172	11	$9,917,319	5
Total	$373,020,325	$299,416,542	96	$257,086,047	16
Kentucky					
Highway Infrastructure Investment	$420,854,991	$393,081,273	58	$319,692,409	2
Transit Capital Assistance	$49,375,837	$46,365,491	96	$34,777,982	44
Total	$470,230,828	$439,446,764	154	$354,470,391	46

Source: House Committee on Transportation and Infrastructure

States Put Recovery Funds to Work. As of December 31, 2009. *Continued*

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Completed Projects*
Louisiana					
Highway Infrastructure Investment	$429,859,427	$347,658,498	51	$240,095,715	0
Transit Capital Assistance	$50,054,743	$38,770,415	105	$24,918,185	54
Total	$479,914,170	$386,428,913	156	$265,013,900	54
Maine					
Highway Infrastructure Investment	$130,752,032	$130,752,032	71	$130,752,032	42
Transit Capital Assistance	$13,266,105	$13,266,105	3	$10,813,176	0
Total	$144,018,137	$144,018,137	74	$141,565,208	42
Maryland					
Highway Infrastructure Investment	$431,034,777	$403,213,939	107	$266,581,083	14
Transit Capital Assistance	$136,550,987	$110,234,914	46	$85,881,996	12
Total	$567,585,764	$513,448,853	153	$352,463,079	26
Massachusetts					
Highway Infrastructure Investment	$425,065,255	$276,153,797	45	$203,418,934	1
Transit Capital Assistance	$248,656,537	$174,912,392	110	$84,769,267	32
Total	$673,721,792	$451,066,189	155	$288,188,201	33
Michigan					
Highway Infrastructure Investment	$847,204,834	$743,671,443	392	$573,896,200	219
Transit Capital Assistance	$135,445,273	$92,149,553	109	$53,572,811	34
Total	$982,650,107	$835,820,996	501	$627,469,011	253
Minnesota					
Highway Infrastructure Investment	$502,284,177	$504,899,837	156	$340,924,591	68
Transit Capital Assistance	$93,341,542	$78,510,954	79	$64,671,065	50
Total	$595,625,719	$583,410,791	235	$405,595,656	118
Mississippi					
Highway Infrastructure Investment	$354,564,343	$334,316,586	77	$292,584,063	22
Transit Capital Assistance	$20,552,566	$12,478,492	21	$12,256,604	0
Total	$375,116,909	$346,795,078	98	$304,840,667	22
Missouri					
Highway Infrastructure Investment	$637,121,984	$630,786,626	199	$418,130,310	98
Transit Capital Assistance	$91,683,858	$82,447,111	40	$33,898,824	19
Total	$728,805,842	$713,233,737	239	$452,029,134	117
Montana					
Highway Infrastructure Investment	$211,793,391	$196,999,083	70	$171,763,803	21
Transit Capital Assistance	$15,611,710	$15,611,710	16	$7,949,615	1
Total	$227,405,101	$212,610,793	86	$179,713,418	22

Source: House Committee on Transportation and Infrastructure

States Put Recovery Funds to Work. As of December 31, 2009. *Continued*

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Completed Projects
Nebraska					
Highway Infrastructure Investment	$235,589,279	$189,333,763	62	$167,679,170	12
Transit Capital Assistance	$23,790,610	$16,202,207	26	$13,584,397	9
Total	$259,379,889	$205,535,970	88	$181,263,567	21
Nevada					
Highway Infrastructure Investment	$201,352,460	$129,359,883	22	$92,731,988	2
Transit Capital Assistance	$49,463,770	$47,403,308	21	$43,851,274	3
Total	$250,816,230	$176,763,191	43	$136,583,262	5
New Hampshire					
Highway Infrastructure Investment	$129,440,556	$129,750,626	27	$119,808,707	9
Transit Capital Assistance	$16,745,804	$14,390,770	38	$11,234,214	23
Total	$146,186,360	$144,141,396	65	$131,042,921	32
New Jersey					
Highway Infrastructure Investment	$651,774,480	$515,023,061	53	$444,679,601	1
Transit Capital Assistance	$361,539,801	$303,541,676	11	$271,039,313	0
Total	$1,013,314,281	$818,564,737	64	$715,718,914	1
New Mexico					
Highway Infrastructure Investment	$252,644,377	$228,776,957	18	$153,910,188	0
Transit Capital Assistance	$27,518,452	$27,518,452	34	$18,553,519	0
Total	$280,162,829	$256,295,409	52	$172,463,707	0
New York					
Highway Infrastructure Investment	$945,218,723	$1,120,684,723	308	$677,504,588	76
Transit Capital Assistance	$1,191,488,964	$1,019,876,285	70	$932,511,418	10
Total	$2,136,707,687	$2,140,561,008	378	$1,610,016,006	86
North Carolina					
Highway Infrastructure Investment	$730,592,684	$706,422,428	255	$532,469,621	11
Transit Capital Assistance	$99,519,166	$78,496,108	53	$32,434,404	6
Total	$830,111,850	$784,918,536	308	$564,904,025	17
North Dakota					
Highway Infrastructure Investment	$170,126,497	$166,744,374	119	$131,667,378	2
Transit Capital Assistance	$10,997,089	$10,997,089	10	$4,908,794	3
Total	$181,123,586	$177,741,463	129	$136,576,172	5
Ohio					
Highway Infrastructure Investment	$935,677,030	$641,049,939	201	$422,778,551	47
Transit Capital Assistance	$164,269,076	$128,835,726	270	$108,519,803	97
Total	$1,099,946,106	$769,885,665	471	$531,298,354	144

Source: House Committee on Transportation and Infrastructure

States Put Recovery Funds to Work. As of December 31, 2009. *Continued*

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Completed Projects'
Oklahoma					
Highway Infrastructure Investment	$464,655,225	$416,825,785	173	$411,363,800	57
Transit Capital Assistance	$35,798,236	$31,848,236	26	$19,578,206	1
Total	$500,453,461	$448,674,021	199	$430,942,006	58
Oregon					
Highway Infrastructure Investment	$320,656,698	$244,279,313	213	$187,561,378	79
Transit Capital Assistance	$95,164,544	$67,494,885	38	$45,769,268	11
Total	$415,821,242	$311,774,198	251	$233,330,646	90
Pennsylvania					
Highway Infrastructure Investment	$1,026,429,012	$1,018,325,654	293	$928,282,392	89
Transit Capital Assistance	$259,779,964	$194,620,984	76	$221,520,992	16
Total	$1,286,208,976	$1,212,946,638	369	$1,149,803,384	105
Puerto Rico					
Highway Infrastructure Investment	$105,000,000	$71,671,791	6	$17,043,964	0
Transit Capital Assistance	$57,102,729	$39,401,918	4	$23,066,449	0
Total	$162,102,729	$111,073,709	10	$40,110,413	0
Rhode Island					
Highway Infrastructure Investment	$137,095,725	$123,686,413	44	$97,994,118	18
Transit Capital Assistance	$38,001,658	$24,906,000	1	$2,100,000	0
Total	$175,097,383	$148,592,413	45	$100,094,118	18
South Carolina					
Highway Infrastructure Investment	$463,081,483	$408,878,352	124	$388,788,516	23
Transit Capital Assistance	$28,504,202	$21,901,790	18	$12,468,111	0
Total	$491,585,685	$430,780,142	142	$401,256,627	23
South Dakota					
Highway Infrastructure Investment	$183,027,359	$173,152,906	23	$128,127,108	6
Transit Capital Assistance	$7,372,825	$6,642,706	36	$3,208,303	32
Total	$190,400,184	$179,795,612	59	$131,335,411	38
Tennessee					
Highway Infrastructure Investment	$572,201,043	$515,708,749	247	$492,653,204	136
Transit Capital Assistance	$73,716,802	$60,585,249	66	$42,778,927	22
Total	$645,917,845	$576,293,998	313	$535,432,131	158
Texas					
Highway Infrastructure Investment	$2,250,015,146	$1,488,331,424	450	$1,275,455,181	112
Transit Capital Assistance	$367,891,810	$354,608,657	198	$281,631,585	115
Total	$2,617,906,956	$1,842,940,081	648	$1,557,086,766	227

Source: House Committee on Transportation and Infrastructure

States Put Recovery Funds to Work. As of December 31, 2009. *Continued*

State	Recovery Act Funds Allocated	Recovery Act Funds Obligated	Projects Under Contract	Recovery Act Funds Associated with Projects Under Contract	Completed Projects*
Utah					
Highway Infrastructure Investment	$213,545,653	$212,698,371	97	$208,200,392	58
Transit Capital Assistance	$55,586,841	$48,979,463	13	$48,839,868	2
Total	$269,132,494	$261,677,834	110	$257,040,260	60
Vermont					
Highway Infrastructure Investment	$125,791,291	$116,377,021	36	$101,450,350	20
Transit Capital Assistance	$5,680,572	$5,680,572	13	$5,680,572	4
Total	$131,471,863	$122,057,593	49	$107,130,922	24
Virginia					
Highway Infrastructure Investment	$694,460,823	$411,601,654	40	$296,472,240	11
Transit Capital Assistance	$68,357,834	$55,153,488	44	$35,179,278	3
Total	$762,818,657	$466,755,142	84	$331,651,518	14
Washington					
Highway Infrastructure Investment	$491,817,337	$409,004,899	171	$390,487,675	88
Transit Capital Assistance	$168,681,185	$168,681,093	62	$151,110,964	28
Total	$660,498,522	$577,685,992	233	$541,598,639	116
West Virginia					
Highway Infrastructure Investment	$210,852,204	$184,412,000	108	$182,080,096	45
Transit Capital Assistance	$18,366,136	$13,935,378	86	$10,465,968	35
Total	$229,218,340	$198,347,378	194	$192,546,064	80
Wisconsin					
Highway Infrastructure Investment	$529,111,915	$363,661,398	221	$363,292,499	75
Transit Capital Assistance	$79,249,652	$43,034,528	37	$42,478,462	7
Total	$608,361,567	$406,695,926	258	$405,770,961	82
Wyoming					
Highway Infrastructure Investment	$157,616,058	$157,616,058	64	$156,316,058	17
Transit Capital Assistance	$9,300,399	$7,898,695	18	$7,045,545	2
Total	$166,916,457	$165,514,753	82	$163,361,603	19
Grand Total	$33,093,309,492	$28,145,005,966	10,482	$22,015,658,829	3,141

*Completed Projects *show those projects that have been "closed out" by the state and do not reflect actual work completed; therefore, a project may be finished and in use, but may not officially be "completed."*

Source: House Committee on Transportation and Infrastructure

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Answers to Questions Submitted by Senator David Vitter to Pete Rahn, Director, Missouri Department of Transportation

Committee on Environment and Public Works
U.S. Senate
March 3, 2010 Hearing

Question #1: *At the state level what are your biggest contentions with working with the federal DOT? What processes have become the most challenging over the last several years?*

Answer #1: The most recent experience with U.S. DOT and particularly, the Federal Highway Administration has been related to the delivery of Recovery Act projects. We worked collaboratively with the Federal Highway Administration to successfully meet the goals and all of the requirements of the ARRA legislation. Contrast with this positive experience, the Office of Management and Budget issuing supplemental and different reporting requirement late in the process added extra time and substantial work the costs of which could have been used to fund additional projects and create or sustain additional jobs.

The most challenging problem is the increased layering of requirements across multiple agencies and departments with which we have to comply in order to deliver projects with federal –aid funds.

Senator BOXER. Thank you very much.

And Dr. Buechner, Vice President of Economics and Research, American Road and Transportation Builders Association.

Thank you very much.

STATEMENT OF WILLIAM R. BUECHNER, VICE PRESIDENT, ECONOMICS AND RESEARCH, AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION

Mr. BUECHNER. Well, good morning, Chairman Boxer, Senator Inhofe and members of the Committee. Thank you very much for inviting ARTBA to be part of this hearing.

You asked us to address two key issues in our testimony today: first, the impact of transportation investment and the Federal Surface Transportation Program on jobs; and second, its impact on American competitiveness in the world market.

I can answer both questions on one breath. The impact is enormous. Last year, $120 billion of construction was performed on transportation infrastructure in the U.S., making this the second largest construction sector in the United States, only second to home building. That $120 billion investment supports nearly 3.4 million American jobs: almost 1.7 million jobs in construction and 200 supplier industries plus an additional 1.7 million throughout the economy that are sustained by transportation construction in employee firm and agency spending.

To put that in perspective, transportation construction sustains about 2.5 times as many American workers as motor vehicle and parts manufacturing in this country, so it is a very important industry. The importance of the Federal Surface Transportation Program to this sector of employment can't be overstated. Over 90 percent of the U.S. transportation infrastructure is publicly funded and maintained. And about 45 percent of the capital investment in transportation infrastructure comes from the Federal Government.

But there is another very important dimension to this job story, and it helps articulate how vitally important the Federal Surface Transportation Program is to America's future competitiveness. The work product delivered by the men and women employed in transportation construction makes possible the jobs that exist in virtually every other major sector of the U.S. economy.

For example, how many tourism related jobs would exist in the United States without our network of highways and transit and railways and water ports and airports? How many manufacturing jobs, how many retail jobs, how many trucking jobs? The fact is, we believe that conservatively about 78 million American jobs are fully dependent on the existence of the Nation's transportation infrastructure. These are what we call dependent industries. And it fleshes out the importance of transportation investment to jobs in the United States.

Most economists will tell you that along with advanced telecommunications, the relatively low cost and reliability of freight transportation in the United States has been critical to this country's economic success for years.

Unfortunately, we are letting this competitive advantage slip away. The latest commodity flow survey shows that almost 80 percent of freight in the U.S. is shipped by truck over the Nation's highways, and much of the rest are multi-modal shipments that include trucks. So the competitiveness of American business depends on an efficient, reliable highway system.

The growth of traffic in recent years has far outstripped the increase in highway capacity, and each year congestion gets worse and worse. The impact on trucking is costing American businesses billions of dollars each year in lost productivity and higher costs that make U.S. industry less competitive.

Let me quote from a recent article by Michael Lind, Policy Director for the New American Foundation, where he says, "America's failure to modernize its overloaded freight transportation infrastructure, chiefly the railroad network and highways used by trucks, is imposing costs on American efficiency. As a result of congestion, the penalty on American growth rose from 8.6 percent of GDP in 2003 to 10.1 percent in 2007, even before the crisis."

Chairman Boxer and members of the Committee, the Nation's transportation challenges are not going to solve themselves. I cannot stress enough the importance of enacting a new, robustly funded multi-year surface transportation authorization bill this year. This measure must focus on clearly unmet national needs such as good movement, traffic congestion and public safety.

To that end, we urge you to carefully consider the merits of the critical commerce corridors freight movement proposal the ARTBA membership has developed. We are certainly aware of the difficulties facing reauthorization, but there are also grave consequences for failing to act. One example is that the Recovery Act's transportation investments will be tailing off rapidly by the end of this year. This means that absent a new infusion of capital investment, the hundreds of thousands of jobs being supported by these funds will also come to an end.

We greatly appreciate your leadership in commencing today's hearing and shepherding legislation to stabilize the Highway Trust Fund through the Senate last week. Be assured, the American Road and Transportation Builders Association stands ready to provide any assistance it can as you work to develop a multi-year bill.

Again, thank you for inviting us to testify.

[The prepared statement of Mr. Buechner follows:]

American Road & Transportation Builders Association

Testimony of

William R. Buechner, Ph.D.
Vice President, Economics and Research
American Road and Transportation Builders Association

Submitted to:
Committee on Environment and Public Works
United States Senate

Hearing:
The Importance of Transportation Investments to the National Economy and Jobs

March 3, 2010

Testimony of William R. Buechner, Ph.D.
Vice President, Economics and Research
American Road and Transportation Builders Association

Before the Committee on Environment and Public Works
United States Senate

March 3, 2010

Senator Boxer, Senator Inhofe and Members of the Committee—

On behalf of the American Road and Transportation Builders Association, I want to thank you for the opportunity to testify on the impact of transportation investment on jobs and the American economy.

My name is William Buechner. I am a professional economist and have been ARTBA's Vice President for Economics and Research for 12 years. Prior to joining ARTBA in 1996, I served 21 years as a member of the core economics staff of the Congressional Joint Economic Committee, where I staffed more than 300 hearings on economic policy, unemployment, inflation and investment policy, among a wide range of other topics. I earned my Ph.D. in economics at Harvard University, where I served as senior research associate for the late John Kenneth Galbraith.

ARTBA is the oldest national transportation construction association. The Association is a federation whose primary goal is to aggressively grow and protect federal transportation infrastructure investment to meet the public and business demand for safe and efficient travel. ARTBA provides programs and services designed to give its more than 5,000 public and private sector members a global competitive edge.

How Do Transportation Infrastructure and the Transportation Construction Industry Fit Into the U.S. Economy?

The firms and public agencies that design, build, maintain and manage the U.S. transportation infrastructure network—together with those who manufacturer and produce the equipment, materials, supplies and services necessary for their work—comprise the U.S. transportation construction industry. Its impacts on the U.S. economy are enormous:

- **Annual Output Value**—More than $120 billion of construction work was performed on the nation's transportation systems during 2009, making transportation construction the second largest construction activity after homebuilding. To put this in broader context, the industry's output exceeds the output value of the nation's farms and cattle ranches ($97.5 billion), tobacco industry ($57.2 billion), motion picture industry ($82.7 billion), Wall Street trust and financial instruments firms ($117.1 billion), automotive repair and maintenance firms ($116.8 billion) and radio and television media ($61.7 billion), to name a few.

- **Annual Contribution to GDP**—As the money invested in transportation construction industry employment and purchases moves through the economy, it generates more than $244 billion in total annual U.S. economic activity—nearly two percent of the nation's Gross Domestic Product (GDP). This is larger than the annual GDP of Portugal ($232 billion), Israel ($205 billion), or New Zealand ($117 billion).

- **Creating & Sustaining American Jobs**—The transportation construction industry supports the equivalent 3,383,200 American jobs. This includes 1,685,400 direct jobs in transportation construction and related-activities and 1,697,800 jobs induced, or sustained, by transportation construction industry employee, firm and agency spending throughout the economy.

  To put the industry's impact on U.S. employment in context, it directly provides more American jobs than U.S. food manufacturers (1,449,700), motor vehicle and parts manufacturers (661,900), mining, quarrying, and oil and gas extractor firms (634,000), plastics and rubber product manufacturers (622,100), beverage and tobacco product manufacturers (182,700) and petroleum and coal products manufacturers (113,200), among others.

- **Contributions to U.S. Payroll & Taxes**—Transportation construction activity in the U.S. generates $159.3 billion annually in direct and induced American wages. These workers contribute an estimated $13.1 billion each year in state and federal payroll tax revenue.

But that is only a small part of the picture. Without the infrastructure built, maintained and managed by the U.S. transportation construction industry, *virtually all of the major industry sectors that comprise the U.S. economy—and the American jobs they sustain—would not exist or could not function.*

Dependent Employment—There are a number of industries that could not exist without the investments that have been made in the nation's transportation infrastructure. Tourism, manufacturing, transportation and warehousing, agriculture and forestry, mining, retailing and wholesaling *are fully dependent on the work done by the U.S. transportation construction industry for the movement of products* as well as for access to workforce and raw materials. These dependent industries provide more than 78.6 million American jobs with a total payroll in excess of $2.8 trillion and their employees contribute more than $235 billion annually in state and federal payroll taxes.

Importance of Transportation Infrastructure and Transportation Construction to the Nation's Economy and Jobs

This hearing focuses on two important ways transportation investment affects the nation – first, by directly and indirectly supporting millions of well-paid jobs in the United States and second, by contributing to the productivity and competitiveness of the American economy.

With the U.S. economy struggling to recover from the worst economic recession since the Great Depression, the most immediate benefit of transportation construction is its impact on jobs. According to the Federal Highway Administration, every $1 billion invested in the nation's highways supports 27,823 jobs. This includes 9,537 on-site construction jobs, 4,324 jobs in supplier industries and 13,962 jobs throughout the rest of the economy, including jobs in retail trade, wholesale trade, transportation, manufacturing and medical services, among many others. Investment in public transportation, airports and water transportation support similar numbers of jobs.

Last year, more than $120 billion of construction work was put in place on transportation projects. That investment supported more than 3.3 million jobs.

Our experience with the American Recovery and Reinvestment Act (ARRA) illustrates the job impact of transportation investment. Despite lingering controversy about other elements of the legislation, there is no question that the $48 billion for transportation improvements has supported tens of thousands of jobs in construction and supporting industries that would otherwise have disappeared. Furthermore, that support will continue into 2010 and even beyond as construction work proceeds on the 12,500 highway, bridge, transit and airport projects that have been authorized to date.

To observe the anniversary of enact of the Recovery Act, ARTBA prepared fact sheets showing the number of jobs supported by ARRA highway projects underway or completed in each state. We found that, nationwide, the 7,348 ARRA-financed highway improvement projects underway or completed as of mid-February 2010 have supported or are supporting 480,435 full-time equivalent (FTE) jobs on an annualized basis[1], including 164,681 on-site construction jobs, 74,665 jobs in supplier industries and 241,090 jobs throughout the rest of the economy. ARRA-financed transit and airport improvements support additional jobs.

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[1] In a recent statement submitted to the Joint Economic Committee, the Congressional Budget Office testified that the best measure of the job impact of federal spending is the number of full-time equivalent jobs supported for one year—that is the number of full time jobs that would be supported if the funds were spent over one year. The actual number of jobs might be different – for example, if the funds were spent over two years, they would support half the number of jobs but they would last for two years. Similarly, if some of the jobs were part time, there would be more jobs. The standard measure of FTE jobs over one year eliminates all of these complications.

Highway projects underway or completed in California support the largest number of FTE jobs, almost 35,200, as would be expected since California is the biggest recipient of federal highway funds. Next is Texas, where ARRA-financed projects underway are supporting almost 29,300 FTE jobs, followed by Pennsylvania at 24,987.

I would like to point out that Pennsylvania was not the third largest recipient of Recovery Act highway funds. But it has done an excellent job of getting highway projects under construction and is thus supporting more jobs right now with its ARRA funds than states that have lagged behind in getting projects started. And some smaller states have done even better, like Utah and Maine.

The problem at this point is that states will use up much of their Recovery Act highway funds on project construction this year and most of what's left will be used up next year. After that, the money will be gone and so will the jobs. At that point, the only federal support for highway construction and construction jobs will be the regular highway program. If Congress enacts another one-year extension of the highway program at existing investment levels for FY 2011, virtually all the jobs supported by the Recovery Act will disappear and those construction workers would go back on the unemployment rolls.

It is thus critical, in both the short and long term, for Congress to enact a robustly-funded multi-year surface transportation authorization bill, and there could be no more welcome development than this committee's decision to move forward on that issue.

Importance of Highways to the Nation's Economic Competitiveness

To think of the federal highway program only as a jobs program is a fundamental mistake. Jobs are only part of the contribution of transportation investment to the U.S. economy. Much more important is the contribution of investment in transportation infrastructure to the long run growth, productivity and competitiveness of the American economy. And on this front, we face a serious challenge.

The U.S. economy is a vast network of businesses that produce goods and services for America's 115 million households, for export to foreign countries or for use by other businesses. The tie that binds these businesses to their customers, suppliers and workers is the U.S. highway system. Each year, almost 80 percent of the value of freight shipments in the U.S. is carried by trucks along the nation's highways.

The foundation of a modern economy is a transportation system that moves freight efficiently, safely and on time. This lesson was learned during the 1960s and 1970s when construction of the Interstate Highway System allowed American firms to access a nationwide market and take advantage of scale economies that yielded significant increases in productivity.

Since then, highway capacity has failed to keep pace with demand and our nation's highways have become more and more congested. Wasted time and fuel have increased transportation costs, making U.S. products more expensive here and abroad. The poor reliability of the system has forced U.S. companies to invest more in warehousing, hold more inventories, invest more in logistics and change production schedules. All of these make the U.S. less competitive.

And our trading partners are taking advantage of our mistakes, by investing heavily in their own transportation systems. China and India, which already have a labor cost advantage, are pushing ahead on plans to vastly upgrade their highway and rail transportation systems, making them even more competitive as we fall back.

To illustrate the cost of failing to invest in our nation's highways, I would like to quote from an article by Michael Lind in the December 2009 issue of *McKinsey Quarterly*:

"Along with advanced telecommunications, the low cost and reliability of freight transportation in the United States have been critical to the country's economic success. But America's failure to modernize its overloaded freight transportation infrastructure—chiefly the railroad network and highways used by trucks, but also inland waterways, ports, and airports—is imposing costs on American efficiency. As a result of congestion (highway delays, for instance), the penalty on American growth exacted by logistics costs rose from 8.6 percent of GDP in 2003 to 10.1 percent in 2007, even before the crisis."

The recession temporarily reduced the amount of freight traffic on the nation's highways, providing a window to address the need for increased investment. But that window is starting to close. According to the Bureau of Transportation Statistics, the Freight Transportation Services Index increased 2.9 percent during the last seven months of 2009, indicating that freight transportation is once again on the rise. As the economy recovers, freight shipments will continue to grow.

Will our highway system be able to accommodate the traffic and contribute positively to U.S. competitiveness or will transportation continue to act as a brake on the U.S. economy? The answer to that question may well depend on next surface transportation authorization bill.

Because of the importance of highways and highway investment to freight transportation, and its impact on the competitiveness of the U.S. economy, I would like to go into that issue in more depth.

Each year, U.S. manufacturing firms, mining companies and wholesalers ship more than $8 trillion dollars worth of products through the nation's transportation system. When shipments of farm products, construction materials, retail firms and exports to other countries are included, the total comes to more than $11 trillion.

A few products, primarily bulk products like coal and ores, can be carried efficiently by rail or barge. High value products needing time-sensitive delivery can be carried by air.

But by far the largest fraction of shipments is carried on the nation's highways by 18-wheelers and other trucks. For the vast majority of businesses, truck transportation provides the most flexible, efficient and cost-effective way of delivering products to customers.

A survey of manufacturing, mining and wholesale commodity flows conducted by the U.S. Bureau of the Census in 2007 found that almost 80 percent of the $11.7 trillion of shipments by these three sectors of the U.S. economy were carried exclusively by truck along the nation's highways. Of the $3.3 trillion not carried exclusively by trucks, truck transportation still played an important role as part of multimodal shipments that also involved rail, water or air transportation. In fact, only $1.3 trillion, or just over one tenth, of all shipments did not involve truck transportation.

Other surveys, including the Federal Highway Administration's Freight Analysis Framework data, show a similar dependence on the nation's highways to ship the freight and products that allow our economy to grow and prosper.

The importance of the nation's highways to the growth and performance of the national economy has been recognized by policymakers for almost a century. The first legislation authorizing the federal government to invest in highways was enacted by Congress in 1916. In 1956, Congress created the Eisenhower System of Interstate Highways and established the Highway Trust Fund to finance a nationwide highway system designed to serve the national economy. The transportation efficiencies brought about by these decisions were a major contributor to the post-war growth of the U.S. economy. Recent innovations like the adoption by U.S. firms of just-in-time delivery have continued to cut transportation costs and improve productivity.

Impact of highway congestion on freight transportation

In recent years, however, the performance of our nation's highway system has deteriorated due to inadequate investment. Most of the concern has focused on the growing amount of time commuters and travelers spend driving in congested conditions and the resulting cost of wasted time and fuel. But congestion also has a negative effect on the nation's economy by impeding the flow of freight, which raises transportation costs and reduces productivity of the nation's businesses.

A study prepared recently for the Federal Highway Administration found that bottlenecks on the nation's highway system—caused by congested intersections, poor highway operations, inadequate capacity and poor alignments—impose 243 million hours of delay on truck shipments with the direct costs of the delays totaling $7.8 billion per year. As the study found:

> Freight bottlenecks are a problem today because they delay large numbers of truck freight shipments.... Higher transportation prices and lower reliability can mean increased supply costs for manufacturers, higher import prices, and a need for businesses to hold more expensive inventory to prevent stock outs. The effect on individual shipments and transactions is usually

> modest, but over time the costs can add up to a higher cost of doing business for firms, a higher cost of living for consumers, and a less productive and competitive economy.(P.1-1)

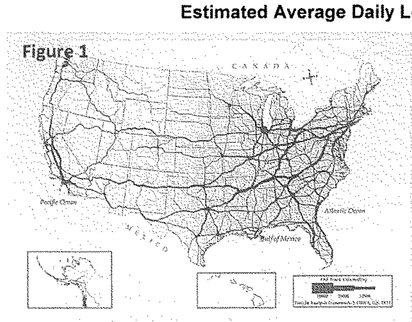
A major part of the problem is that, because of the lack of a national vision, the capacity of our nation's highway system has failed to keep pace with the volume of traffic. Since 1982, the number of miles traveled by all vehicles on the nation's highways has almost double but capacity has grown only 6.5 percent. As a result, the average amount of time spent by highway users including trucks in congested conditions has almost tripled.

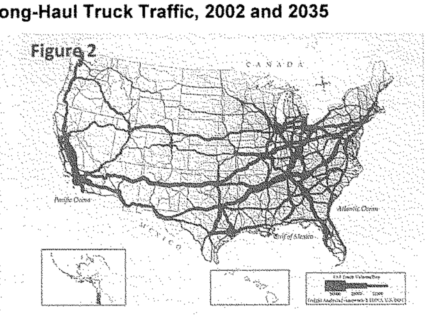
The growth of truck traffic illustrates the need for a national approach to highway capacity. Between 1987 and 2002, the number of trucks on the nation's highways increased almost 50 percent from 3.6 million to 5.4 million, while the number of miles traveled rose more than 60 percent. The biggest increases in both numbers and vehicle miles traveled were registered by the largest trucks, which are capable of transporting 80,000 pounds of freight pounds or more.

As we look into the future, it is virtually certain that the need for a national vision will become even more important, because truck traffic is projected to double by 2035. According to the Federal Highway Administration, the volume of truck-borne freight will increase from 11.5 billion tons in 2002 to 22.8 billion tons by 2035. Trucking is projected to be the fastest growing mode of freight shipments except for air freight, which even with the growth will take only a fraction of one percent of the total volume. The value of truck shipments is projected to triple, from $8.8 trillion in 2002 to $23.8 billion in 2035, emphasizing the critical importance of highway transportation to the nation's economy.

The pressure this would put on the nation's highway infrastructure is shown in Figures 1 and 2. Figure 1 illustrates the volume of long-haul truck traffic along major U.S. highways in 2002. Figure 2 shows projected truck traffic along the same routes in 2035. North-south routes in the east and west and east-west routes along the midsection of the country all show truck traffic doubling or worse.

Estimated Average Daily Long-Haul Truck Traffic, 2002 and 2035





Source: Federal Highway Administration, Freight Analysis Framework

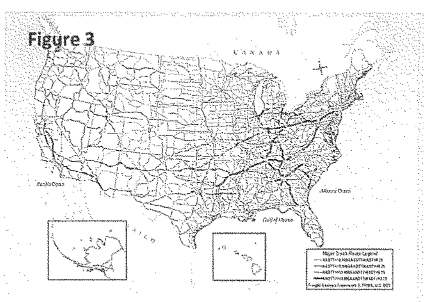
There are many miles of road in the United States where trucks make up one-quarter of the total traffic or more. More than 4,000 miles of these roads carry heavy truck traffic, defined as more than 10,000 trucks per day. Some examples include:

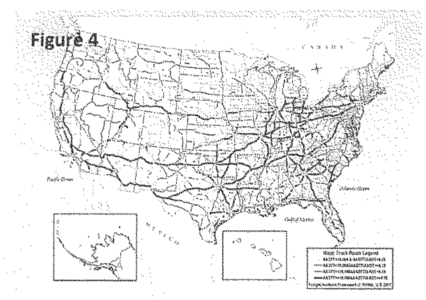
- I-5 from California to Washington State, where truck traffic averages 10,000 per day and can hit over 35,000 trucks on some segments;
- I-70 from Missouri to Ohio where average volume exceeds 11,000 trucks per day and maxes at 26,000; and
- I-95 from Washington, DC to Florida, where truck traffic averages 10,000 per day with segments at 31,000.
- Segments of I-10, which runs from California to Florida, can carry more than 55,000 trucks per day while segments of I-15, from California to Utah, can see truck traffic of more than 60,000 per day.

On thousands of additional miles, trucks comprise more than one-quarter of the traffic but the number of trucks per day is less than 10,000. Figure 3 shows that highways where trucks are one-quarter or more of the traffic exist all across the country, including many rural areas.

By 2035, trucks will be one-quarter or more of the traffic on 14,000 miles where the number of trucks averages 10,000 per day, an increase of almost 230 percent. As Figure 4 shows, this would include almost all of I-10, almost all of I-40 and much of I-80, in addition to current heavy truck routes. Highways all up and down the East and West Coasts would be congested with truck traffic. The average number of trucks would grow to 20,000 per day on almost all of I-10, to 27,000 per day on I-15, and to 31,000 per day on I-95—double to triple the current volume. Virtually every state would have some major freight highway with heavy truck traffic.

Highways With More than 10,000 Trucks per Day, 2002 and 2035





Source: Federal Highway Administration, Freight Analysis Framework

And as time goes on, the nation's freight will spend much more time in congested highway conditions than today. Currently, recurrent congestion slows or stops traffic on over 6,300 miles of highways that carry more than 10,000 trucks per day as shown in Figure 5. By 2035, a projected 28,100 miles of major truck routes will experience recurrent congestion that slows or stops traffic, shown in Figure 6.

- Of the 550 miles of urban segments on I-5, more than 65 percent currently experience heavy congestion; by 2035, that will grow to 95 percent. Congestion on non-urban segments will grow from 31 percent to 85 percent.

- On I-10, 53 percent of urban segments currently experience heavy congestion; by 2035, 96 percent will be congested. Congestion on non-urban segments will spread from 4 percent to 45 percent.

- On I-70, 97 percent of urban segments will be congested by 2035 compared to 53 percent today. Congestion on non-urban segments will grow from 16 percent to over 87 percent.

- And on I-95, congestion on urban segments will grow from 60 percent currently to virtually 100 percent, while congestion on non-urban segments will increase from 26 percent to 55 percent.

Peak Period Congestion on Major Truck Routes, 2002 and 2035

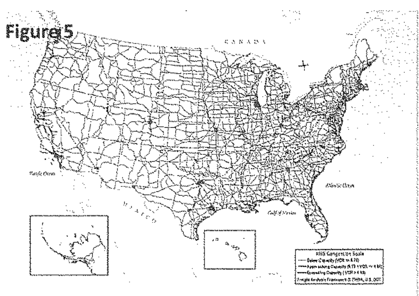


Figure 5

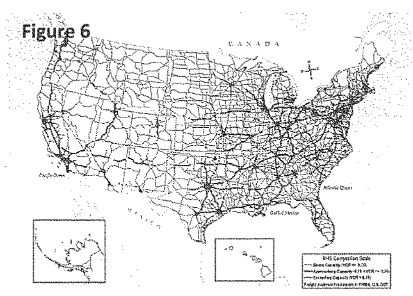


Figure 6

Source: Federal Highway Administration, Freight Analysis Framework

When American citizens and elected officials think about the nation's transportation challenges, the common focus is on congestion, public safety, and overall quality of life. These outcomes alone warrant dramatic upgrades to the nation's highway, transit and rail networks. What is often overlooked, however, is the role effective transportation systems play in a country's competitiveness in the global marketplace. Transportation networks are the circulatory system of an economy and can enable, or impede, domestic and international commerce through the efficiency of freight transportation.

Highway Investment by Trading Competitors

This undeniable fact is clearly recognized by some of the U.S. major trading partners and competitors:

- In 2004, China announced the initiation of a 52,000 mile expansion of its National Transportation Highway System. It should be noted that in 2001, China's investment in highway infrastructure was 2.5 percent of the nation's gross domestic product (GDP). By comparison, U.S. highway investment in 2004 represented 0.65 percent of GDP. As part of its recent economic stimulus plan, China is spending $88 billion just constructing high speed intercity rail lines, almost twice the entire transportation investment in the Recovery Act.

- India is in the midst of a $47.8 billion National Highway Development Program that will upgrade 38,000 kilometers of highways connecting the major cities in its Golden Quadrangle and add 1000 kilometers of new expressways.

- The European Union (EU) in 2005 identified "30 Priority Axes"—critical transnational transportation improvement projects slated for $300 billion in improvements. The EU also has set goals of expanding its highway capacity by almost 3,000 miles and rail network by nearly 8,000 miles by 2020.

These countries have made commitments to improving their surface transportation systems because they recognize the direct correlation between economic strength and the effectiveness of national infrastructure networks.

U.S. Highway Investment Needs

By contrast, there is a massive gap between our nation's highway investment needs and the level of federal highway investment. For decades, the federal highway program has financed about 45 percent of all highway investment in the U.S., with state and local governments providing the rest. But neither side is doing what is needed.

The massive gap between federal highway investment and needs is shown on a state by state basis in Table 1. For example, the table shows that California would need an annual federal investment of just over $8 billion, in addition to state and local investment, to maintain physical and performance conditions on the state's highways and bridges. In FY 2009, it received just over one-third of that amount. Oklahoma fares even worse, receiving just over one-quarter of its need of federal highway funds. The table also shows that the ARRA highway funds, while helpful, come nowhere near filling the gap. Most other states are in a similar situation.

Table 1 - Federal Highway Program Funding versus Federal Share of Highway Investment Needs
(Millions of dollars)

State	Highway Program Formula Funding FY 2009	Federal Share of Annual State Highway Investment Needs, FY 2010 /1 Maintain Conditions	Improve Conditions	ARRA Highway Stimulus Funds /2 FY 2009-10
Alabama	$664.2	$840.7	$1,222.5	$513.7
Alaska	$290.7	$166.8	$236.6	$175.5
Arizona	$672.4	$734.4	$1,126.3	$522.0
Arkansas	$410.8	$1,294.0	$1,824.0	$351.5
California	$3,002.8	$8,217.3	$12,141.4	$2,569.6
Colorado	$451.1	$836.3	$1,266.7	$403.9
Connecticut	$422.8	$627.6	$952.2	$302.1
Delaware	$129.9	$140.8	$214.3	$121.8
Dist. of Col.	$126.8	$165.4	$240.6	$123.5
Florida	$1,690.1	$1,955.8	$3,133.1	$1,346.7
Georgia	$1,143.8	$1,266.9	$1,957.4	$931.6
Hawaii	$136.0	$176.5	$251.0	$125.7
Idaho	$244.8	$697.2	$968.5	$181.9
Illinois	$1,121.7	$2,208.5	$3,240.0	$935.6
Indiana	$852.5	$1,152.7	$1,725.1	$658.0
Iowa	$384.4	$875.1	$1,196.3	$358.2
Kansas	$327.6	$1,672.7	$2,297.2	$347.8
Kentucky	$568.1	$609.8	$940.3	$421.1
Louisiana	$555.6	$1,408.8	$2,005.2	$429.9
Maine	$141.8	$270.8	$365.8	$130.8
Maryland	$518.5	$973.5	$1,437.5	$431.0
Massachusetts	$531.9	$1,047.7	$1,598.8	$437.9
Michigan	$927.0	$2,010.1	$2,899.6	$847.2
Minnesota	$523.4	$1,656.5	$2,449.1	$502.3
Mississippi	$389.2	$966.9	$1,366.6	$356.3
Missouri	$762.0	$2,039.9	$2,906.2	$637.5
Montana	$315.8	$176.1	$238.1	$211.8
Nebraska	$244.6	$406.4	$568.5	$235.6
Nevada	$256.1	$385.7	$603.9	$201.4
New Hampshire	$146.2	$280.3	$421.5	$129.4
New jersey	$859.7	$2,127.0	$3,193.0	$651.8
New Mexico	$310.2	$778.8	$1,103.8	$252.6
New York	$1,450.2	$3,282.3	$4,887.6	$1,120.7
North Carolina	$930.6	$2,062.3	$3,262.1	$735.5
North Dakota	$207.3	$247.0	$338.3	$170.1
Ohio	$1,147.4	$1,254.0	$1,876.3	$935.7
Oklahoma	$504.8	$1,849.5	$2,493.4	$464.7
Oregon	$372.6	$647.9	$974.6	$333.9
Pennsylvania	$1,443.9	$2,722.6	$3,958.7	$1,026.4
Rhode Island	$163.8	$187.7	$269.4	$137.1
South Carolina	$549.0	$589.6	$780.9	$465.1
South Dakota	$217.4	$407.4	$543.1	$183.0
Tennessee	$704.2	$1,087.8	$1,688.8	$572.7
Texas	$2,868.6	$4,664.0	$6,986.8	$2,250.0
Utah	$259.4	$460.0	$730.7	$215.5
Vermont	$134.1	$216.8	$300.0	$125.8
Virginia	$859.5	$850.1	$1,258.7	$694.5
Washington	$556.5	$1,092.3	$1,604.9	$492.2
West Virginia	$350.1	$871.3	$1,260.2	$210.9
Wisconsin	$642.7	$874.9	$1,164.7	$529.1
Wyoming	$215.5	$166.3	$235.8	$157.6
Total	$32,700.1	$61,701.0	$90,706.2	$26,666.1

1/ The "Needs" column shows investment required in FY 2010. The amounts would grow each year with inflation.
2/ ARRA is one-time funding only during FY 2009-10 and thus not available to meet needs in future years.

Freight Movement & State Economies

According to preliminary data from the 2007 Commodity Flow Survey, which was conducted by the U.S. Census Bureau in conjunction with the 2007 Economic Census, more than 12.5 billion tons of freight worth almost $11.7 trillion dollars are shipped on the nation's transportation system each year.

The critical factor that has made the United States the strongest and most productive economy in the world is that we have a single trans-continental market that allows companies to locate plants and facilities where they are most efficient and can produce at lowest cost but nonetheless reach customers that are hundreds or thousands of miles away through a nationwide transportation system. The ability of our industries to ship products to customers and receive inputs from suppliers anywhere in the country is critical to the performance and productivity of our economy. This requires a national transportation system, one that ties every part of the country and economy together.

In 2007, trucks alone carried 79.9 percent by value of all freight shipments in the United States. Truck combinations with other modes such as rail or water carried another 12.8 percent. With so much of our economy dependent on truck transportation, we clearly need to approach highway investment with a national vision. The federal government must take a lead role in investing in highways, particularly those that are most important to freight transportation.

Highway investment is not just a state issue. No state exists in an economic vacuum. The economic prosperity of each state depends heavily on the ability of its local businesses to access markets and customers around the country. That access is provided primarily by highways. Even if a state were to do an outstanding job of building and maintaining its own highways, that effort would support only a small fraction of the state's overall economic activity. The state's economy would still be vulnerable to highway investment decisions made by policymakers in other states.

This is a particularly important concern for long-haul traffic to distant markets. If road improvements were financed solely or primarily by locally-generated taxes, state departments of transportation (DOTs) would be responsible to invest funds in ways that benefit local taxpayers. DOTs would have little or no incentive to build or maintain roads for the benefit of freight traffic passing through the state. The nation's highway system would become balkanized and no longer support a national economy.

The importance of a nationwide freight system to the economic prosperity of each state is illustrated by the data in Tables 2 and 3. These tables are based on data from the 2002 Commodity Flow Survey, since comparable data from the 2007 survey have not yet been released. But they tell exactly the same story, that highways tie our national economy together. Table 2 shows, for 2002, the total value of products shipped by manufacturers, mining companies and wholesalers that originated in each state, split between shipments carried exclusively by truck and shipments carried by other modes, including intermodal shipments.

Nationwide, over 75 percent of all freight was shipped solely by truck over the nation's highways. For some states, like Nevada, Delaware and Virginia, the fraction was much higher—over 85 percent.

Even more illustrative of the need for a nationwide highway system are the data in Table 3. This table breaks down truck shipments into three groups—shipments that remain entirely within each state, short-haul shipments to adjacent states and long-haul shipments that go through one or more states before reaching their destination. As the table shows, about 55 percent of the value of truck shipments remains within the originating state. Another 19 percent represents short-haul shipments that originate in one state to destinations in adjacent states. The remaining 26 percent are long-haul shipments that go completely through one or more states before reaching their final destinations. The economic prosperity of the states would thus be highly vulnerable if highway responsibilities devolved to state and local governments.

This vulnerability will persist well into the future. The Federal Highway Administration projects that the total value of domestic freight shipments will grow to $29.6 trillion in 2035. Of this total, 73 percent or $21.7 trillion is expected to be shipped solely via truck. Nearly $10.4 trillion in truck shipments, almost half, will go to out of state destinations, of which $6.0 trillion is projected to go to out of state destinations that are not neighboring states.

These data clearly demonstrate the dependence of shippers in one state on the highway network in other states. Correspondingly, this information also conclusively proves an efficient national system for the movement of freight is necessary.

Table 2. Importance of Truck Transportation to State Economic Prosperity
(Billions of dollars)

State	Total value of products shipped	Products shipped by truck: Value	Products shipped by truck: Percent of total	Products shipped by other modes: Value	Products shipped by other modes: Percent of total
Alabama	$23.4	$6.6	28.2%	$16.8	71.8%
Alaska	$186.7	$139.1	74.5%	$47.6	25.5%
Arizona	$135.0	$107.6	79.7%	$27.4	20.3%
Arkansas	$148.7	$105.5	70.9%	$43.2	29.1%
California	$1,063.4	$779.6	73.3%	$283.8	26.7%
Colorado	$150.7	$110.6	73.4%	$40.1	26.6%
Connecticut	$100.3	$78.8	78.6%	$21.5	21.4%
Delaware	$6.1	$5.8	94.6%	$0.3	5.4%
Florida	$27.1	$21.1	77.7%	$6.0	22.3%
Georgia	$417.1	$350.0	83.9%	$67.0	16.1%
Hawaii	$331.0	$277.4	83.8%	$53.6	16.2%
Idaho	$20.4	$14.5	70.8%	$6.0	29.2%
Illinois	$147.8	$115.3	78.0%	$32.5	22.0%
Indiana	$58.3	$43.1	73.9%	$15.2	26.1%
Iowa	$881.8	$744.9	84.5%	$137.0	15.5%
Kansas	$328.6	$251.9	76.7%	$76.7	23.3%
Kentucky	$139.0	$104.4	75.1%	$34.6	24.9%
Louisiana	$223.2	$175.8	78.8%	$47.4	21.2%
Maine	$222.3	$78.9	35.5%	$143.4	64.5%
Maryland	$240.6	$184.8	76.8%	$55.8	23.2%
Massachusetts	$155.4	$132.3	85.2%	$23.0	14.8%
Michigan	$44.6	$36.4	81.5%	$8.2	18.5%
Minnesota	$443.3	$356.5	80.4%	$86.8	19.6%
Mississippi	$223.4	$161.0	72.1%	$62.4	27.9%
Missouri	$241.2	$184.9	76.7%	$56.3	23.3%
Montana	$143.9	$96.1	66.8%	$47.8	33.2%
Nebraska	$27.3	$17.6	64.4%	$9.7	35.6%
Nevada	$370.4	$336.2	90.8%	$34.2	9.2%
New Hampshire	$36.9	$21.9	59.3%	$15.0	40.7%
New Jersey	$94.9	$74.2	78.2%	$20.7	21.8%
New Mexico	$38.5	$26.5	68.9%	$12.0	31.1%
New York	$337.0	$252.0	74.8%	$85.0	25.2%
North Carolina	$48.7	$31.8	65.3%	$16.9	34.7%
North Dakota	$56.8	$41.3	72.6%	$15.6	27.4%
Ohio	$392.9	$292.2	74.4%	$100.7	25.6%
Oklahoma	$553.3	$425.2	76.8%	$128.1	23.2%
Oregon	$206.6	$169.8	82.2%	$36.9	17.8%
Pennsylvania	$128.3	$96.7	75.4%	$31.6	24.6%
Rhode Island	$428.5	$346.9	80.9%	$81.6	19.1%
South Carolina	$26.2	$18.9	71.9%	$7.4	28.1%
South Dakota	$178.5	$155.1	86.9%	$23.4	13.1%
Tennessee	$44.4	$28.4	64.0%	$16.0	36.0%
Texas	$345.5	$278.0	80.5%	$67.5	19.5%
Utah	$779.6	$515.7	66.2%	$263.9	33.8%
Vermont	$87.0	$65.0	74.8%	$22.0	25.2%
Virginia	$212.8	$181.8	85.4%	$31.0	14.6%
Washington	$19.9	$17.2	86.4%	$2.7	13.6%
Washington, D.C.	$205.2	$120.7	58.8%	$84.6	41.2%
West Virginia	$271.9	$222.8	82.0%	$49.1	18.0%
Wisconsin	$57.4	$37.2	64.9%	$20.1	35.1%
Wyoming	$31.2	$11.0	35.3%	$20.2	64.7%
US total	$11,082.9	$8,446.8	76.2%	$2,636.1	23.8%

Source: 2002 data, U.S. Department of Transportation, Freight Analysis Framework

Table 3. Value of Products Shipped by Truck Within State and to Other States
(Billions of dollars)

State	Total value of products shipped by truck	Shipped within the state: Value	Shipped within the state: Percent of total	Shipped to other states: Short-haul to adjacent states	Shipped to other states: Percent of total	Shipped to other states: Long-haul through one or more states	Shipped to other states: Percent of total
Alabama	$139.1	$64.5	46.3%	$40.2	28.9%	$34.5	24.8%
Alaska	$6.6	$6.4	97.4%	$0.0	0.0%	$0.2	2.6%
Arizona	$105.5	$75.4	71.5%	$17.5	16.5%	$12.6	11.9%
Arkansas	$107.6	$40.6	37.7%	$33.3	31.0%	$33.7	31.3%
California	$779.6	$597.6	76.6%	$35.7	4.6%	$146.4	18.8%
Colorado	$110.6	$81.2	73.4%	$9.7	8.8%	$19.7	17.8%
Connecticut	$78.8	$28.5	36.2%	$23.0	29.1%	$27.3	34.7%
Delaware	$21.1	$5.6	26.6%	$1.6	7.7%	$13.8	65.6%
Florida	$350.0	$287.6	82.2%	$15.9	4.6%	$46.5	13.3%
Georgia	$277.4	$137.0	49.4%	$77.4	27.9%	$63.0	22.7%
Hawaii	$14.5	$14.5	100.0%	$0.0	0.0%	$0.0	0.0%
Idaho	$43.1	$28.4	66.0%	$8.0	18.6%	$6.6	15.3%
Illinois	$744.9	$465.3	62.5%	$144.1	19.3%	$135.5	18.2%
Indiana	$251.9	$92.2	36.6%	$76.7	30.5%	$83.0	32.9%
Iowa	$115.3	$42.1	36.5%	$33.1	28.7%	$40.1	34.8%
Kansas	$104.4	$50.2	48.0%	$21.8	20.8%	$32.5	31.1%
Kentucky	$175.8	$55.1	31.3%	$53.9	30.7%	$66.8	38.0%
Louisiana	$78.9	$49.5	62.8%	$12.9	16.3%	$16.5	20.9%
Maine	$36.4	$16.2	44.5%	$3.1	8.5%	$17.1	47.0%
Maryland	$132.3	$56.7	42.9%	$41.7	31.6%	$33.8	25.6%
Massachusetts	$184.8	$87.1	47.1%	$32.9	17.8%	$64.8	35.0%
Michigan	$356.5	$209.6	58.8%	$51.1	14.3%	$95.8	26.9%
Minnesota	$161.0	$99.5	61.8%	$18.2	11.3%	$43.3	26.9%
Mississippi	$96.1	$28.3	29.4%	$27.3	28.4%	$40.5	42.2%
Missouri	$184.9	$90.7	49.1%	$51.5	27.8%	$42.8	23.1%
Montana	$17.6	$13.9	79.1%	$1.7	9.5%	$2.0	11.4%
Nebraska	$74.2	$37.5	50.5%	$13.5	18.2%	$23.2	31.3%
Nevada	$41.3	$19.4	47.1%	$14.9	36.1%	$6.9	16.8%
New Hampshire	$26.5	$7.2	27.2%	$8.4	31.8%	$10.9	41.0%
New Jersey	$252.0	$91.2	36.2%	$54.8	21.8%	$106.0	42.1%
New Mexico	$31.8	$23.1	72.7%	$5.8	18.3%	$2.9	9.0%
New York	$292.2	$149.0	51.0%	$60.4	20.7%	$82.8	28.3%
North Carolina	$336.2	$170.3	50.6%	$66.5	19.8%	$99.4	29.6%
North Dakota	$21.9	$12.9	58.7%	$5.4	24.8%	$3.6	16.5%
Ohio	$425.2	$191.0	44.9%	$96.6	22.7%	$137.6	32.4%
Oklahoma	$169.8	$116.5	68.6%	$37.2	21.9%	$16.0	9.4%
Oregon	$96.7	$57.2	59.2%	$28.8	29.8%	$10.7	11.0%
Pennsylvania	$346.9	$147.3	42.5%	$97.1	28.0%	$102.4	29.5%
Rhode Island	$18.9	$5.1	26.9%	$5.8	31.0%	$7.9	42.1%
South Carolina	$155.1	$59.5	38.4%	$36.7	23.7%	$58.9	38.0%
South Dakota	$28.4	$16.0	56.6%	$6.6	23.2%	$5.7	20.2%
Tennessee	$278.0	$87.7	31.6%	$57.2	20.6%	$133.0	47.9%
Texas	$515.7	$389.7	75.6%	$37.2	7.2%	$88.8	17.2%
Utah	$65.0	$39.9	61.4%	$9.1	14.0%	$16.0	24.6%
Vermont	$17.2	$4.3	25.1%	$7.5	43.3%	$5.4	31.5%
Virginia	$181.8	$96.1	52.9%	$36.8	20.2%	$48.9	26.9%
Washington	$120.7	$87.1	72.2%	$13.3	11.0%	$20.2	16.8%
Washington, D.C.	$5.8	$1.1	18.3%	$3.3	56.6%	$1.5	25.2%
West Virginia	$37.2	$11.6	31.1%	$15.2	40.8%	$10.5	28.1%
Wisconsin	$222.8	$108.1	48.5%	$54.8	24.6%	$59.9	26.9%
Wyoming	$11.0	$6.2	56.4%	$3.7	33.8%	$1.1	9.8%
US total	$8,446.8	$4,658.7	55.2%	$1,609.2	19.1%	$2,178.9	25.8%

Source: 2002 data, U.S. Department of Transportation, Freight Analysis Framework

Keeping America Competitive by Increasing Transportation Productivity: The "Critical Commerce Corridors" Program

Enactment of a multi-year surface transportation reauthorization bill that significantly boosts federal highway and public transportation investment is one of the best steps Congress can take to promote job creation and economic strength. As the two independent commissions Congress created in SAFTEA-LU pointed out, however, the current program structure does not emphasize unmet national transportation needs, such as improving goods movement.

ARTBA believes the next surface transportation reauthorization should establish a new, federally-led program to develop the transportation infrastructure capacity necessary to facilitate U.S. freight flows. As this testimony has already demonstrated, inefficient goods movement is a national challenge that impedes the competitiveness of U.S. firms in the global marketplace and the overall strength of our economy. States cannot be expected to address this dilemma on their own. ARTBA's proposed Critical Commerce Corridors Program would supplement, not supplant, existing programs by developing a national strategy to facilitate goods movement and providing the resources necessary to implement this plan.

Past ARTBA Chairman Charles Potts, CEO of Heritage Construction & Materials testified about this proposal in detail before this Committee in 2008. While I will not restate his testimony today, I do think it is important to reinforce that we envision the Critical Commerce Corridors program as being financed outside the Highway Trust Fund with new freight-related user fees. The concept of user fee financing for transportation programs has proven to be an effective and stable source of revenue for long-term projects. We should build on this successful model in developing a national freight program. To that end, ARTBA has endeavored to develop a viable new revenue source to support a goods movement.

The "Highway Transportation Services Tax": A New Federal Revenue Stream to Finance a Freight Movement Program

We believe that the 3C system, which would include truck-only lanes, multi-modal transfer centers, new multi-state corridors and "last mile" connections with the nation's sea and water ports, rail hubs and airports, should be funded with a new dedicated federal freight-related user fee/tax. ARTBA engaged PricewaterhouseCoopers LLP (PwC) National Economics & Statistics Group to delineate the structure for such a tax and analyze its budgetary impact.

The proposed new federal excise tax would be assessed on the value of transportation services provided by trucks with gross vehicle weight ratings (GVWRs) of more than 26,000 pounds (DOT Class 7 or Class 8 vehicles).

The "Highway Transportation Services Tax" (HTS) would be levied in addition to the federal Highway Trust Fund taxes currently paid by these commercial vehicles. It would be structured similarly to the current excise tax on air cargo services (see Internal Revenue Code Sec. 4271).

PricewaterhouseCoopers has provided ARTBA with a detailed description of how such an excise would be structured, implemented and administered. It has also provided us with detailed annual revenue projections that could be expected from this mechanism through FY 2019.

ARTBA believes that a "Highway Transportation Services Tax" would fund a robust "Critical Commerce Corridors" freight network program and major new capacity projects of national and regional significance.

By financing these new, large expenditure programs focused at meeting national goals with a dedicated revenue stream from the "Highway Transportation Services Tax" rather than the traditional motor fuels excise, additional monies from the later revenue stream would be "freed-up" for investments in the traditional "core" highway and transit programs.

As the Committee proceeds with its development of a multi-year reauthorization bill, we are happy to further discuss both the 3-C concept and the Highway Transportation Services Tax.

Concluding Remarks

Madam Chairman and distinguished members, you have an awesome responsibility. The scope, condition and performance of the surface transportation network that our children and grandchildren have available to them will, in great measure, be determined by the decisions that you make in the next surface transportation authorization bill.

Be assured that the American Road & Transportation Builders Association stands ready to provide any assistance it can to you as you develop that bill.

ARTBA Vice President of Economics & Research William Buechner
Response to Senate Environment & Public Works Committee
Senator Vitter's Questions for March 3, 2010, Hearing Record

1. **Please discuss some of your thoughts on how best to fund transportation infrastructure in these challenging economic times.**

The current U.S. economic situation underscores the need to further boost federal transportation infrastructure investment. With the U.S. economy beginning to show signs of recovery and trade indicators turning up, it will be more important than ever to have a U.S. transportation infrastructure network that can efficiently deliver goods to domestic and foreign markets. As Caterpillar CEO Jim Owens recently noted in a May 3 *Wall Street Journal* editorial:

> "[E]merging economies (notably China, India and Brazil) are making huge investments in modern infrastructure. Infrastructure is the foundation for an economy's global competiveness. We don't want to wake up in 10 years and find ourselves hopelessly behind."

Furthermore, the U.S. jobless crisis is continuing to persist and unemployment in the construction sector exceeds 24 percent. At the same time, a number of state and local governments have been forced to scale back their transportation infrastructure investments in the past two years due to the recession. A robust, multi-year reauthorization of the federal highway and public transportation programs would help stabilize the U.S. transportation construction market and help our sector make the long-term investments in new employees and capital needed to further boost the economy.

The economic costs imposed due to an inadequate surface transportation network should not be overlooked. As the Senate Environment and Public Works Committee heard at its April 14 safety hearing, roadway-related traffic fatalities impose $217 billion annually in economic costs. The Texas Transportation Institute reports that traffic congestion extracts $87.2 billion from the U.S. economy through wasted fuel and lost productivity. These consequences of failing to address the nation's transportation needs far exceed the total amount of transportation infrastructure investment by all levels of government.

Some have cited growing concerns about the U.S. budget deficit and recent increases in federal spending in a number of areas as cause to scale back transportation infrastructure investments. For the reasons cited above, such a course of action would be "penny-wise and pound-foolish." The long-standing federal principle of user fee financing for transportation improvements ensures there is no deficit impact of these investments. Furthermore, pay-as-you-go financing from system users is entirely consistent with the goal of fiscal responsibility.

Frankly, the biggest obstacle facing the funding of transportation infrastructure at this time is political as opposed to economic. Despite the frequent criticisms of the Highway Trust Fund or the existing surface transportation user fees, the fact remains that this revenue base has not been adjusted in 17 years and it should surprise no one that the resources generated are unable to meet current challenges. Congress created two independent commissions in the 2005 surface transportation reauthorization bill to provide recommendations on how to finance transportation improvements in the future. Both entities provided the same recommendations: increase the federal gas tax in the short-term; and transition to a vehicle miles tax in the long-term. While these recommendations may seem politically difficult, the commissions spent years evaluating a broad set of revenue alternatives before ultimately concluding these were the most viable courses of action.

In addition to supporting these foundational recommendations of the SAFETEA-LU commissions, the American Road & Transportation Builders Association is a strong proponent of innovative financing, public-private partnerships, and expanded use of tolling. The nation's transportation infrastructure needs are so voluminous that one source of revenue will not be sufficient to support the improvements needed. As such, we urge Congress to consider a wide array of revenue sources and mechanisms to supplement revenues generated from the federal motor fuels tax and other transportation user fees.

2. **Have you thought of any innovative strategies for funding infrastructure projects that are not now being discussed in Washington?**

ARTBA has called for the creation of a federally-led national goods movement program, called the "Critical Commerce Corridors" or 3-C Program, as part of the next federal surface transportation reauthorization bill. This program, which would include truck-only lanes, multi-modal transfer centers, new multi-state corridors and "last mile" connections with the nation's sea and inland waterway ports, rail hubs and airports, should be funded with a new dedicated federal freight-related user fee/tax. ARTBA engaged PricewaterhouseCoopers LLP (PwC) National Economics & Statistics Group to delineate the structure for such a tax and analyze its budgetary impact.

The proposed new federal excise tax would be assessed on the value of transportation services provided by trucks with gross vehicle weight ratings (GVWRs) of more than 26,000 pounds (DOT Class 7 or Class 8 vehicles).

The "Highway Transportation Services Tax" would be levied in addition to the federal Highway Trust Fund taxes currently paid by these commercial vehicles. It would be structured similarly to the current excise tax on air cargo services (see Internal Revenue Code Sec. 4271).

PwC has provided ARTBA with a detailed description of how such an excise would be structured, implemented and administered. It has also provided us with detailed annual revenue projections that could be expected from this mechanism through FY 2019.

ARTBA believes that a "Highway Transportation Services Tax" would fund a robust federal goods movement program and major new capacity projects of national and regional significance.

By financing these new, large expenditure programs that are focused on meeting national goals with a dedicated revenue stream from the "Highway Transportation Services Tax" rather than the traditional motor fuels excise, additional monies from the latter revenue stream would be "freed-up" for investments in the traditional "core" highway and transit programs.

The concept of a goods movement program and a freight-related user fee was endorsed by both SAFETEA-LU commissions, but their recommendations in this area are not as detailed as the proposal we developed with the assistance of PwC. As the Committee proceeds with its development of a multi-year reauthorization bill, we are happy to further discuss both the 3-C concept and the Highway Transportation Services Tax.

Senator BOXER. Thank you so much.

Next, we will hear from Raymond Poupore, Executive Vice President, National Construction Alliance.

STATEMENT OF RAYMOND J. POUPORE, EXECUTIVE VICE PRESIDENT, NATIONAL CONSTRUCTION ALLIANCE II

Mr. POUPORE. Thank you, Chairman Boxer, Ranking Member Inhofe, and distinguished members of the Committee.

On behalf of the National Construction Alliance II, a partnership between two of the Nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners of America, I want to express our appreciation for the opportunity to join you today.

The two unions of the Alliance together represent nearly 1 million workers, the same workers who build our Nation's highways, bridges, transit systems and much more. As I begin my testimony, the construction industry is in a depression, 25 percent unemployment, 2 million construction workers without jobs, the worst construction economy since World War II.

Together, we need to put America back to work. The NCA II believes that the Environment and Public Works Committee can and should play a key role in American economic competitiveness by undertaking two equally important—but separate—steps in the area of transportation policy and investment.

The Committee should adopt both a short-term and long-term strategy to aid the ailing national economy through transportation investments. First, the Environment and Public Works Committee should continue to provide its leadership in developing an immediate investment in jobs legislation. It should include the full array of infrastructure in the Committee's jurisdiction—wastewater, drinking water, locks and dams—with highway transportation playing a lead role.

The first prong of the strategy is necessary immediate investment in transportation to create jobs in the short term. And let me thank you, Chairman Boxer, on your work with Senators Durbin and Dorgan to develop another infrastructure investment package before this construction season.

The bipartisan effort by certain Committee members to support transportation funding on the HIRE Act last week was also much appreciated. That was a key step, but we hope only the first one. That investment nearly stabilizes the inadequate SAFETEA-LU funding level. The Nation needs another investment in good transportation related jobs now.

A key consideration for the short-term infusion of infrastructure spending is this: every dollar invested in construction generates another $1.59 that flows through the rest of the economy. This multiplier effect is higher for the infrastructure investments than for any policy under consideration, except for direct transfer payments.

Investing in infrastructure is literally the best short-term job creation move that Congress can make. Members of the Carpenters and Operating Engineers and the other building trades need paychecks now, and the rest of the economy will benefit not only in terms of directly attacking high unemployment in construction but also by making an essential down payment in the competitiveness of the Nation.

That point brings me to the second longer range recommendation of the NCA II, enacting a multi-year transportation authorization. In coordination with the other Committees of jurisdiction, the EPW Committee should immediately begin the work of authorizing a multi-year transportation bill and enacting it into law as quickly as possible. Through transportation investments in the authorization of a multi-year bill, the Committee can greatly enhance the country's competitiveness in the global marketplace.

The Nation's transportation system is being left in the dust by some foreign competitors. Spain, China and Japan are leaving the U.S. behind on high speed rail. Asia and Europe boast the world's best, most efficient airports. None of the world's top 10 airports are in the United States.

Madam Chairman, a long range authorization provides certainty for transportation planners and construction employers. Construction contractors won't make investments in new equipment, for example, unless they have long-term certainty about future work opportunities. State officials won't conduct the design and engineering work and prepare the projects unless they have predictability about available resources.

Similarly, the construction trades won't be able to bring in new apprentices into the industry unless there is certainty about future job opportunities. It doesn't do anyone any good to prepare a worker for a job that doesn't exist. It takes around 4 years in most of the trades apprenticeship programs to become a journey level worker.

Just as business and the labor community come together around transportation investments, we hope that Democrats and Republicans will be able to come together to make the necessary investments to move this Nation forward.

We thank the Environment and Public Works Committee for conducting this hearing and what we hope and understand will be a series of sessions to develop the policy that will guide the Nation through a key phase of economic progress. The NCA II is particularly appreciative of Senator Voinovich's efforts to have the majority leader commit to scheduling a floor vote on a multi-year transportation authorization in 2010.

In conclusion, the NCA II urges the Committee to support a dual transportation investment strategy. We need a short-term investment in infrastructure now to reach the under-utilized markets in the 2010 construction season, and we need a long-range, multi-year authorization designed to provide certainty to planners, contractors and workers, ensuring that the Nation's highways are safe and efficient, and that the United States reasserts its place as the world's economic powerhouse undergirded by a world class infrastructure.

Madam Chairman, thank you and this Committee for the work you have done in helping put America back to work, and thanks for the opportunity to offer this testimony.

[The prepared statement of Mr. Poupore follows:]

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Testimony of Raymond J. Poupore
Executive Vice President
National Construction Alliance II

Environment and Public Works Committee
U.S. Senate
March 3, 2010

Thank you, Chairman Boxer, Ranking Member Inhofe, and distinguished members of the Committee.

On behalf of the National Construction Alliance II, a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters, I want to express our appreciation for the opportunity to join you today. The two unions of the Alliance together represent nearly one-million workers – the same workers who build the nation's highways, bridges, transit systems, and much more.

The NCA II believes that the Environment and Public Works Committee can and should play a key role in American economic competitiveness by undertaking two equally important but separate steps in the area of transportation policy and investment. The Committee should adopt both a short-term and a long-term strategy to aid the ailing national economy through transportation investments. First, the Environment and Public Works Committee should continue to provide its leadership in developing an immediate investment in jobs legislation, which should include the full array of infrastructure in the committee's jurisdiction: wastewater, drinking water, locks and dams, with highway transportation playing a lead role. Second, in coordination with the other committees of jurisdiction, the EPW Committee should immediately begin the work of authorizing a multi-year transportation bill and enacting it into law as quickly as possible. The NCA II believes that this two-pronged strategy is precisely what the national economy needs, both in terms of a short-range injection of federal spending to boost the construction industry and lower unemployment and in terms of a long-range investment into the nation's infrastructure foundation upon which American businesses compete in the global economy.

First, let me touch on the first prong of the strategy – the necessary immediate investment in transportation to create jobs in the short term. And let me thank you, Chairman Boxer, on your work with Senators Durbin and Dorgan to develop another infrastructure investment package before this construction season. The bipartisan effort by certain Committee members to support transportation funding on the HIRE Act last week was also much appreciated. That was a key step, but we hope only the first one. That investment merely stabilizes the inadequate SAFETEA-LU funding level. The nation needs another investment in good transportation-related jobs now.

The American construction sector is currently in its worst condition since World War II, over sixty years ago. The January unemployment rate in construction was 24.7%. About 2-million construction workers have lost their jobs since the recession started in late 2007. New monthly data will come out on Friday from the Bureau of Labor Statistics on the February labor market situation; the numbers are likely to get even worse. Last year's peak unemployment rate in construction reached 21% in February. Joblessness among construction workers is higher than in any other industry sector. The only bright spot in the construction economy in 2009 was in the public market, which saw an uptick in spending driven by passage of the American Recovery and Reinvestment Act. That legislation was a critical lifeline to the construction industry. But more must be done – as soon as possible.

If an expeditious, targeted investment in infrastructure is made by the Senate now, which includes serious accountability standards on the states to not only obligate funds but actually let contracts for projects, federal, state, and local officials will still be able to deploy virtually all of these resources in 2010. That was the experience of the American Recovery Reinvestment Act (ARRA). By the end of 2009, nearly eighty-percent of highway and transit projects funded under ARRA had been put out to bid. Nearly 300,000 direct jobs, just on transportation projects, were created with ARRA funds in all fifty states. Many of those workers were members of the Carpenters and Operating Engineers. Frankly, we don't have to look at the labor market data to see the effect of the Recovery Act. We see the difference everyday in the faces of our members employed by these Recovery Act investments. These investments brought the construction economy – and the families of construction workers – back from the precipice, but, as the unemployment numbers tell us, more must be done.

The need for the investments is clear; the speed with which state and local officials can manage these investments has been proven. In December, the American Association of State Highway and Transportation Officials (AASHTO) identified nearly $50-billion in highway projects that are ready-to-go. The American Public Transportation Association (APTA) identified billions and billions of ready-to-go investments in December. Similarly, the Environmental Council of the States (ECOS) has identified billions of dollars in water investments that could be managed effectively, employing workers in 2010 when virtually all economic forecasts predict continued high unemployment – a certainty in the construction industry.

A key consideration for the short-term infusion of infrastructure spending is this: every dollar invested in construction generates another $1.59 that flows through the rest of the economy. This multiplier effect is higher for infrastructure investments than for any policy under consideration, except for direct transfer payments. Slightly restated, investments in infrastructure have a broader effect and a bigger benefit to the economy than, for example, tax cuts – or virtually any form of tax relief. Investing in infrastructure is, literally, the best short-term job creation move that the Congress can make.

Members of the Carpenters and Operating Engineers need paychecks. And the rest of the economy will benefit, not only in terms of directly attacking high unemployment in construction but also by making an essential down payment in the competitiveness of the nation. And the work these men and women could be doing is critical to our country, making our transportation and other infrastructure more productive and more competitive in the global economy. That point brings me to the second, longer-range recommendation of the National Construction Alliance II: enacting a multi-year transportation authorization.

The stability of a multi-year transportation bill is a critical underpinning of these necessary capital investments in transportation. Senate action is needed as quickly as possible. We thank the Environment and Public Works Committee for conducting this hearing in what we hope and understand will be a series of sessions to develop the policy that will guide the nation through a key phase of its economic progress. The NCA II is particularly appreciative of Senator Voinovich's efforts to have the Majority Leader commit to scheduling a floor vote on a multi-year transportation authorization in 2010.

Few public investments play such an important role in national economic performance and local economic development as transportation. Getting these projects going will do more than effectively address immediate economic pain; they will help get America moving again. The cost of congestion wreaks havoc on American families and businesses, exacerbating problems with air pollution, reducing quality of life, and costing billions in wasted time. The cost of inaction is high, leading to traffic crashes and unnecessary deaths. Over 40,000 people are killed on the nation's highways every year; about 1/3rd of those deaths are attributable to poorly maintained roads. According to the American Automobile Association, the cost of those traffic accidents annually exceeds $230-billion. The human cost is a national disgrace. The United States Department of Transportation estimates that $200-billion evaporates from the economy annually due to traffic congestion. Congestion adds over 4-billion hours in commuter time and wastes almost three billion gallons of gasoline every year. Those idling automobiles pump thousands of pounds of pollutants into the air, costing the environment and business billions of dollars.

Through transportation investments and the authorization of a multi-year bill, the Committee can greatly enhance the country's competitiveness in the global marketplace. The nation's transportation system is being left in the dust by some foreign competitors. Spain, China, and Japan are leaving the U.S. behind in high-speed rail. Asia and Europe boast the world's best, most efficient airports. None of the world's top 10 airports are in the United States.

Madame Chairman, a long-range authorization provides certainty to transportation planners and construction employers. Construction contractors won't make investments in new equipment, for example, unless they have longer term certainty about future work opportunities. State officials won't conduct the design and engineering work and prepare the projects unless they have predictability about available resources. Similarly, the construction trades won't be able to bring in new apprentices into the industry, unless there is certainty about future job opportunities. It doesn't do anyone any good to prepare a worker for a job that doesn't exist. It takes around four years in most of the trades' apprenticeship programs to become a journey-level worker. Through a multi-year bill, a prospective Operating Engineer or Carpenter could enter the industry and move through all of her training to become a skilled journey-level worker over the duration of the bill. For these reasons, a long-term transportation bill dramatically increases the direct employment benefits of infrastructure investments, too.

There is a broad consensus that the national economy needs a significant boost in transportation investments in both the short- and long-term. The composition of a coalition, of which the National Construction Alliance II is a part, is evidence of that national consensus. The Americans for Transportation Mobility pulls together many of the nation's leading trade associations and construction unions together in a common purpose: moving the nation's goods and people faster, better, safer. Just as the business and labor community come together around transportation investments, we hope that Democrats and Republicans will be able to come together to make the necessary investments to move this nation forward.

In conclusion, the NCA II urges the Committee to support a dual transportation-investment strategy. We need a short-term investment in infrastructure now to reach underutilized markets in the 2010 construction season, and we need a long-range, multi-year authorization designed to provide certainty to planners, contractors, and workers, ensuring that the nation's highways are safe and efficient and that the United States re-asserts its place as the world's economic powerhouse, undergirded by a world-class infrastructure.

Thank you for the opportunity to offer this testimony.

Senator BOXER. Thank you so much.

Before I call on Tom Foss, I just want to note that when he finished, we are going to turn to Senator Whitehouse for his opening statement, and then to Senator Voinovich for his.

Senator WHITEHOUSE. I will waive.

Senator BOXER. So, fine.

Mr. Foss, and I want to say that you are representing the General Contractors, is that correct, today?

Mr. FOSS. Yes, Senator Boxer.

Senator BOXER. And you are President and Chief Operating Officer of the Griffith Company, and you are speaking on behalf of the Associated General Contractors of America.

And I just want to personally thank that organization for all you did to help us get where we are today. I know you are a Californian. We welcome you.

STATEMENT OF TOM FOSS, PRESIDENT AND CHIEF OPERATING OFFICER, GRIFFITH COMPANY, ON BEHALF OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Mr. FOSS. Thank you, Senator Boxer.

Madam Chairman, members of the Committee, thank you for the opportunity to present testimony on the importance of transportation investment to the national economy and jobs. Like Senator Boxer mentioned, my name is Tom Foss. I am President and CEO of Griffith Company. We are a 108-year-old general engineering contractor operating in Southern California.

I started with Griffith Company in 1978 as a laborer. I know this business from the outside and in. Griffith Company builds highway infrastructure, bridges, airports, et cetera, and I am here representing the Associated General Contractors of America.

The U.S. transportation system unites road, rail, air, seagoing commerce into a nationwide network that connects customers to manufacturers who are often on different sides of the globe. Much of this system was provided through Federal transportation programs which have largely been administered by States as agents of the Federal Government.

The program has been successful in establishing the best transportation system in the world. The efficiency of the Nation's transportation system, particularly its highways, is critical to the health of the Nation's economy. Efficient transportation plays a key role in business productivity, product cost, quality of life, global competitiveness and jobs.

An efficient transportation system is important to the construction industry because we are a major user. Construction materials and supplies accounted for 1 out of every 10 U.S. manufacturing shipments and 1 out of every 16 machinery shipments in 2009. For a company like Griffith, transportation is important to our business—it impacts the movement and delivery of products to our jobs.

Traffic congestion causes contractors to schedule deliveries at times that may not be most cost effective or efficient. Managing construction start and finish times are also impacted by the ability of workers to get to the job site.

Here is an example. We price our work in downtown Los Angeles. When we calculate the movement of goods, we use an average of four miles an hour for our truck speed. As we get out to areas of less congestion, we may use a rate of 30 to 40 miles an hour for the movement of goods. That is a multiplier of cost in construction.

For the construction industry, the transportation program represents the market in which we work. Griffith Company relies on the transportation industry for market opportunities and the livelihood of our 485 workers and the families they represent. Our employees are our greatest asset, and they reflect the communities in which we work.

The economic slow-down has hurt our industry. Since the peak construction employment in January 2007, 1.7 million construction jobs have been lost, with job losses accelerating significantly over the past 12 months. This is because the total construction market contracted by more than $100 billion in 2009 over 2008.

As you have heard, construction unemployment currently stands at nearly 25 percent. Construction employment in California has dropped 37 percent in the last 4 years and stands at the lowest level since 1998.

In California, as elsewhere, the collapse of the housing and commercial markets has led to an increase in the number of contractors competing in the public sector. A few years ago, CalTrans averaged three to four bidders on their projects. Today, that number is between 9 and 10. I have seen projects with well over 20 bidders. The bidding climate is very difficult to be low bidder and more difficult to make a profit.

One of the largest risks for a company like mine is the failure of subcontractors. We began to see failures last year, and we anticipate this trend to continue in 2011. Both general contractors and subcontractors will have a high failure rate this year, with many of these businesses being small businesses.

The ARRA money was a help to our industry. In California, it was a big help. Without having a long-term bill, the uncertainty permeates down into the local and State markets. For example, Caltrans has a list of projects budgeted at about $770 million ready to be built but waiting for funding. We need stability and continuity in this program. Without that, the State and local agencies stop bidding work. It puts everything about my business at risk. The uncertainty that comes, my relationship with my bank, my insurance company, my surety company, all have added stress because of the uncertainty in our market.

Bottom line, the highway program needs to have the long-term program. This program is a pay as you go program. The system's user fee is deposited in the Highway Trust Fund, which is then used to improve the system. We need to enhance that. The multiyear authorization is needed to restore faith in the program, build the system we need to reduce congestion, and get our goods to market.

It is our responsibility to leave future generations a legacy that provides them the foundation for future economic growth as solid as the one that we inherited. Now is the time for a multi-year bill.

Thank you.

[The prepared statement of Mr. Foss follows:]

AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.

Testimony of

Tom Foss
Griffith Company
Brea, California

on behalf of
The Associated General Contractors of America

Presented to the

Committee on
Environment and Public Works
United States Senate

on the topic of

The Importance of Transportation Investments to the National Economy and Jobs

March 3, 2010

The Associated General Contractors of America (AGC) is the leading association for the construction industry. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
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Madame Chairman and Members of the Committee thank you for the opportunity to present testimony on the Importance of Transportation Investments to the National Economy and Jobs. I am Tom Foss, President of Griffith Co, Brea, California. Founded in 1902, Griffith is an engineering contractor operating in southern California that specializes in constructing and maintaining streets, highways, airports and other types of infrastructure projects. I am here today representing the Associated General Contractors of America.

AGC is the leading association for the construction industry. Founded in 1918 at the express request of President Woodrow Wilson, AGC now represents more than 33,000 firms in nearly 100 chapters throughout the United States. Among the association's members are approximately 7,500 of the nation's leading general contractors, more than 12,500 specialty contractors, and more than 13,000 material suppliers and service providers to the construction industry. These firms build all forms of infrastructure, including: highways, bridges, transit systems, railways, airport terminals and runways, water and wastewater treatment facilities, underground utilities, public buildings, multi-family housing, office buildings, military facilities, water resource projects, energy production and conservation, and the many other structures that are the backbone of the US economy and provide and ensure US citizens' quality of life. Most are small and closely-held businesses. Unlike many associations in the industry, AGC proudly represents both union and open-shop construction contractors.

I will talk today about the impact of transportation investment on the economy and on my company in particular. I will talk about how companies like mine rely on the nation's transportation system for their livelihoods. I will talk about the need to reauthorize the nation's surface transportation programs and I will have a few recommendations for the reauthorization.

We have a successful transportation system in this country that interconnects major cities and major transportation hubs. It unites road, rail, air and sea going commerce into a nationwide network that connects customers to manufacturers who are often on different sides of the globe. Access to the transportation system is a key factor in sighting manufacturing or other employment centers. The federal investments in transportation programs have largely been administered by states that establish priorities and administer the program as an agent of the federal government. The program has been successful in establishing the best infrastructure system in the world.

An example of the successful operation of this system was the American Reinvestment and Recovery Act (ARRA). AGC called for the inclusion of transportation and other infrastructure investment as part of last year's ARRA legislation. As it turns out, the stimulus spending is one of the very few bright spots the construction industry experienced last year and is one of the few hopes keeping it going in 2010. Stimulus funding is saving construction jobs, driving demand for new equipment and delivering better and more efficient infrastructure for our economy. U.S. Department of Transportation reports show that the $20.6 billion dollars worth of stimulus supported highway projects initiated over the past twelve months have saved or created nearly

280,000 direct construction jobs. That amounts to 15,000 jobs per billion dollars invested, well above pre-stimulus estimates that every billion invested in infrastructure projects would create 9,700 direct construction jobs. Highway and road construction was the only construction segment to see an increase in spending last year even as total construction spending fell by $100 billion.

The efficiency of the Nation's transportation system, particularly its highways, is critical to the health of the nation's economy. Businesses are increasingly reliant on an efficient and reliable transportation system to move products and services. A key component in business efficiency and success is the level and ease of access to customers, markets and materials. Efficient transportation plays a key role in business productivity, product costs, quality of life, global competitiveness and jobs.

We see this first hand. The construction industry is a major user of our Nation's transportation system. In 2009, private and public construction spending totaled $939 billion or 6.5 percent of U.S. gross domestic product. Construction materials and supplies accounted for one out of every 10 U.S. manufacturing shipments totaling $450 billion. One out of every 16 machinery shipments was related to the construction industry totaling $18 billion in new equipment shipments in 2009. In California, construction's percent of the state's GDP is estimated at $125 billion or 6.8% of the total. While construction spending is down significantly from 2008 when it totaled $1.072 trillion, or 7.5% of GDP it nevertheless remains a significant segment of the National and state economies and is directly impacted by transportation access.

For a company like Griffith, transportation is also important to our business because of its impact on the movement and delivery of products to our jobs. Traffic congestion causes contractors to schedule deliveries at times that may not be the most cost effective or efficient. Managing construction start and finish times are impacted by the ability of workers to get to the job site.

According to a recent National Chamber Foundation study, transportation infrastructure is also vital to the success of the five major economic sectors that account for 84% of the U.S. economy: services, manufacturing, retail, agriculture and natural resources, and transportation providers.

U.S. industries in all sectors manage lean, on-demand supply chains that stretch around the globe. The local truck that delivers goods to a neighborhood store is often the last link in a supply chain that spans half the world, with the final retail price of those goods reflecting thousands of miles of hard-gained freight transportation efficiencies within that chain. The economy strains the existing system and the load is continuing to grow.

Of all the modes that move freight throughout our country, trucking is by far the largest. According to the 2007 Commodity Flow Survey (CFS) - a survey of shippers sponsored by the Bureau of Transportation Statistics in partnership with U.S. Census Bureau – about $8.4 trillion and 9.0 billion tons of goods moved via U.S. highway shipments.

These numbers are a significant increase from the 2002 CFS survey and show the continued strain on our transportation infrastructure. With trucks carrying nearly 70 percent of the total freight tonnage moved throughout the country on our roads and bridges, which in many cases are in poor or mediocre condition, will continue to be overburdened causing greater disrepair and increased congestion.

Approximately $924 billion in goods are shipped annually from sites in California and another $894 billion in goods are shipped annually to sites in California, mostly by commercial trucks on the state's highways. Sixty-eight percent of the goods shipped annually from sites in California are carried by trucks and another 19 percent are carried by courier services, which use trucks for part of their deliveries.

Increasingly, companies are looking at the quality of a region's transportation system when deciding where to relocate or expand. Regions with congested or poorly maintained roads see businesses relocate to areas with less congested and better maintained transportation systems.

For a lot of people transportation investment is more than just a means for shipping goods or commuting. For the construction industry the transportation program also represents the market in which we work. Companies like Griffith rely on transportation construction for job opportunities and the livelihood of the 485 workers we employ and the families they represent. Our company is structured with 10-12 individuals in upper management and 364 craft workers made up of laborers, operating engineers, teamsters, carpenters and cement masons. The remaining are middle management or office staff. We provide a good living for our employees.

Construction investment is a significant driver of economic activity. In 2008, AGC hired Professor Stephen Fuller, George Mason University to ascertain the impact of nonresidential construction on the economy. Professor Fuller found that every $1 billion invested in nonresidential construction supports over 28,000 jobs, boosts gross domestic product by $3.4 billion and raises personal earnings by $1.1 billion. About 34% of the jobs are directly in construction. About 16% of the jobs are indirect such as jobs in manufacturing or quarries and about 50% are induced by the increased earnings in the other two categories.

As was already mentioned, the total construction market contracted by more than $100 billion in 2009 from 2008 that includes residential construction and private construction in addition to public construction. While the nation is showing signs of recovering from the recession, the construction industry suffers depression-like conditions. Construction unemployment has been increasing steadily for the past two years and currently stands at nearly 25 percent. Construction employment in California has dropped 37% in the past four years, from a high of 948,500, seasonally adjusted, in February 2006, to 608,000 in December 2009, the lowest level since 1998.

Only 4 out of the nation's 337 largest communities have seen an increase in construction employment over the last year. Since the peak in construction employment in January

2007, 1.7 million construction jobs have been lost. Job loss in the construction industry has accelerated significantly over the past twelve months when two-thirds of the job loss has occurred.

In order to maximize the impact of federal transportation investment, we need to a see a structure that allows the federal government and states to plan to maximize the impact of federal investments. Failure to pass a multi-year transportation bill creates significant market uncertainty. The uncertainty makes it difficult to hold onto valued employees. It makes it hard to convince subcontractors to work for us, it makes it hard to convince lenders to invest in us. When there is an inconsistent flow of Federal funding, state agencies hold up the release of projects that are ready to bid and construct. Cal Trans has, for example, a list of projects budgeted at $770,000,000 ready to be built but that are waiting for funding. We need stability and continuity in the program.

In California, the collapse of the housing and commercial markets has lead to an increase in the number of contractors competing in the public sector. A few years ago Cal Trans had an average of 3-4 bidders on their projects. Today that number is between 9 and 10 bidders on each project. Some projects have had 20 or more bidders. In the current bidding climate it is very difficult to be low bidder and even more difficult to make a profit.

One of the largest risks for a company like Griffith Company is the failure of our subcontractors. Beginning mid last year we began to see failures. We are anticipating this trend through the remainder of this year into the beginning of 2011. Both general contractors and subcontractors will have a high failure rate this year.

Given that the vast majority of construction firms are small, local businesses, the strength of the construction industry has a disproportionate impact on countless communities. There were 811,500 construction firms in the US in 2007, of which 91% were small businesses employing fewer than 20 workers. Contractor failures will have long term ramifications for these communities. The long term bill will provide certainty that will help companies survive even in this economic downturn.

As noted, America's surface transportation system is an integral component of our national and international economic competitiveness as well as our quality of life. However, the system has aged and is crumbling and crowded. The US population is growing and its demands on the system will increase. With the expiration of SAFETEA-LU on September 30, 2009 Congress and the Administration have the opportunity to chart a new course for the nation by providing a surface transportation system that will propel the U.S. forward. Now is the time to get it done. Increased investment in our transportation infrastructure is good for the country and for the construction industry in both the short term and the long term.

Federal investment should be focused on programs promoting national goals, including connectivity, freight mobility, congestion relief, and safety. A strong Federal role and a long term funding commitment to surface transportation planning and funding is important to the nation's economic future. Earmarking and local micromanaging reduces confidence in the federal government's ability to meet national surface transportation needs. Reforms must maximize the effectiveness of the federal investment. Realistic performance goals should measure the program's effectiveness meeting the national goals.

According to the Federal Highway Administration, major highway projects take approximately 13 years to start to finish. Much of this time is due to the environmental review process. Project delays can have a significant impact on the overall cost of a construction project. Delivery of transportation projects takes too long and cost too much. Recent reforms in expediting and streamlining the environmental and permitting process have not been sufficient and should be supplemented. Permit process delays should be reduced by requiring greater coordination among federal agencies reviewing transportation permits, set time limits for review; allow use federal transportation funds to pay for regulatory staff to expedite reviews and compliance deadlines.

While demand outpaces capacity and the performance of the U.S. transportation system erodes, global competitors are investing heavily in their transportation systems—building highways, public transit systems, rail lines, ports, and airports that will soon provide them with transportation capacity and logistics capabilities equal to or exceeding those of the United States. If the United States continues to under invest in its transportation system and fails to meet the transportation needs of its key industry sectors, the U.S. economy will become less productive and less globally competitive.

The bottom-line is that we need to increase revenue into the Highway Trust Fund to help meet growing transportation needs. The highway program represents the ultimate PAY-GO program. System users pay a fee that is deposited into the highway Trust Fund. Those fees are then used to maintain and improve the system so the users get value for their investment. We must not shy away from telling the public what it is they are paying for and the product they get in return.

We have developed the best transportation system in the world. It is our country's economic lifeline. Additional, targeted investment is needed to create jobs, spur economic growth and continue to make our country globally competitive. The multiyear authorization is needed to restore faith in the program, build the system we need to reduce congestion and get our goods to market. It is our responsibility to leave future generations a legacy that will provide them the foundation for future economic growth as solid as the one we inherited. Now is the time to get a multiyear bill done.

Senator BOXER. Thank you so much.

Well, I think this panel was terrific, and I would turn to Senator Voinovich for his opening statement.

OPENING STATEMENT OF HON. GEORGE V. VOINOVICH, U.S. SENATOR FROM THE STATE OF OHIO

Senator VOINOVICH. I just would like to say that your presentations were terrific. And I look at this as the need for our infrastructure as a country, the opportunity to pass a bill that would be one that would be different than what we have done in the past. It would deal with some of the real problems that we have out there.

No. 2, that of the jobs that are there, and you have eloquently talked about those jobs. Carbon footprint, we haven't talked about that, but we are talking about reducing greenhouse gas emissions, and this will have a dramatic impact on reducing emissions, so it is a two-fer from that point of view.

Return on investment, you were mentioning. You know, in Ohio the bids are coming in 10, 12 percent below what they were a couple of years ago, so there is a lot of competition. We are going to get a lot more return on our buck than we have in the last several years.

The certainty of it I think is extremely important, and you have emphasized that, that we need to have it so that we know where we are going.

Mr. Foss, I know contractors that are out of business today because their line of credit has been shut off because they don't know what the future looks like today.

And I think that the last part of this, I think, we are talking about human beings. And this reauthorization with robust funding would take and put a segment of our economy in place for the next 5 years. In other words, people could bank on it. Today, people, it is uncertainty.

So I think what we should be doing also is thinking about all the families out there, millions of people who are worried about whether they have a job, or whether they are going back to work, or whether they can pay their mortgage, whether they can buy a car, whether they can fund their kids' education, whether they can just do other things that they would like to do. We have got to listen to that and our company.

Thank you, Madam Chairman.

Senator BOXER. Senator Voinovich, I wanted to say something that I said before you came. I made a commitment to Senator Bond and to you, in your absence at that moment, that we will do a bill that you will participate in, and we will get that bill done in this Committee. I feel very confident in that, and this today is the kick-off of that bill.

So I want to thank you for your strong—I mean, I just want to say for the record, Senator Voinovich has been pushing for this long 5-year reauthorization for a long time now. And now that we hope we have gotten the 1-year extension behind us—we are not sure, but looks good for Thursday in the House, we are hoping—we will be able to get moving.

So I am going to start with Mr. Rahn. First, again, I want to thank you for your February 19th notice to contractors for this reason. You brought it home to the American people and to us that there are consequences for our actions or inactions. And I blew up your letter, and I made sure that everybody knew that if we didn't move on the short-term extension and then now on this yearly extension, that there would be a dire situation. And so you told us today that you took that very dire step because you had to take it.

And so I wanted to ask you, in your own words because you are very forceful, to explain what a long-term extension, and that means the yearly extension, and then the 5-year authorization, what it would mean to a State like yours, the certainty of this.

Mr. RAHN. Madam Chairman, thank you for your comments.

The fact is that trying to deliver a construction program of hundreds of millions of dollars requires years of planning and a great deal of effort in delivering those projects, and choreographing that with environmental agencies, contractors and such. And we simply cannot do that on these 30-day fits of starts and stops. And we can't make long-term decisions and neither can contractors. No contractor is going to buy a $500,000 piece of equipment if they don't know that there is a program that is going to be out there for the next 5 to 6 years.

And so the entire realm of highway and transit construction means you need a certain, an absolute stream of revenue to be able to make long-term decisions and undertake these projects.

For us in Missouri, the fact is even with the Senate's adoption of the House version of a 30-day extension, it has not resolved the issue of the authorization level of $30 billion versus $42 billion.

Senator BOXER. Right.

Mr. RAHN. And so today that means I still cannot release our letting process. Not only did I have to cancel last Friday's letting, Monday should have been the day that we advertised for the March letting. And we have not advertised for the March letting either.

What is at risk right now is this: if we do not get the authorization level restored to the funding levels of 2009, Missouri will have to make up a $243 million shortfall in the current fiscal year, and the only way we can do that is to cancel our lettings from February through June to make up for this $243 million shortfall.

Senator BOXER. OK. Well, colleagues, this is so critical because that is why this Thursday vote in the House is so important. If they pass this under suspension of the rules, we have taken care of the yearly extension. That would solve your problem. Is that correct, Mr. Rahn?

Mr. RAHN. Yes, Madam Chairman.

Senator BOXER. OK. I hope you can let all the Missouri Congresspeople understand this. Would you do that for me? Would you do that?

Mr. RAHN. Absolutely.

Senator BOXER. And will all of you on the panel commit to please, if you could stay around today and talk to those House Members. Would you do that, all of you? Could I see all of you shaking your head yes, that you will contact those? Because we have done it over here. We took care of it over here in the HIRE Act, H-I-R-E Act, and we need you to do that.

I wanted to talk to my constituent, Mr. Foss, about the impact on small businesses. We all know that the smaller contractors and subcontractors are so essential to the whole process. And I wonder how can we, through our program, help these businesses remain competitive and stay in business? Does it get to the issue that Mr. Rahn talked about, which is the certainty of a long-term bill?

Mr. FOSS. The entire premise of the long-term bill is to allow the agencies to get a planned program in releasing the work. Subcontractors that work for Griffith Company will have opportunity on business just based on my ability to bid on work as well.

In California, lots of our agencies, Los Angeles in particular, they have a set-aside for small business, like we do on the Federal level, for the under-utilized businesses or the disadvantaged businesses. Los Angeles opens that up to small business. That gives small business an opportunity to enter into our industry on a competitive level to get the work they need to stay in business.

Senator BOXER. So you think that certainty is the key here?

Mr. FOSS. The certainty is the key.

Senator BOXER. OK.

Mr. FOSS. Yes, ma'am.

Senator BOXER. Very important.

OK, we will turn to Senator Inhofe for his questions.

Senator INHOFE. Thank you, Madam Chairman.

We talk a lot about the jobs, and that is very, very important. I think, though, that the primary thing is the crumbling infrastructure. I know in our State of Oklahoma, we have had some real crises take place, and it gets worse. It doesn't get better. So in helping us to build our case with some of the people with whom we work, let me just ask a couple of things here.

Dr. Buechner, you talked quite a bit about the jobs.

One of the things I think came from you, Mr. Rahn, when you talked about the amount in the stimulus bill, which we could argue what the amount was. I think in terms of just the roads, highways and bridges, we are talking about 3 percent, maybe up to 5 percent if you are talking about transportation.

But that provided, of all the jobs that came from the stimulus, 25 percent of the stimulus bill in terms of the number of jobs that, in other words, 4 percent of the bill provided 25 percent of the jobs. Is that accurate?

Mr. RAHN. [Remarks made off microphone.] As of December of last year, 6 percent of the total ARRA resources, and 14 percent of the direct jobs.

Senator INHOFE. OK. Now, all right, direct jobs.

Now, one of the things that is not talked about are the indirect jobs, the long-run jobs, the getting people to work, getting businesses and industries so that they can operate and not be just clogged up. Is there anything further on that that anyone would like to say in terms of the long run jobs over and above just that which is directly related to jobs?

Yes.

Mr. RAHN. The fact——

Senator INHOFE. Turn on your microphone, please.

Mr. RAHN. The fact is that when we talk direct jobs, that is only measuring the people working on the project, and that doesn't even take into account the people that are making the steel girders or quarrying the rock or the ready-mix plants. This number does not include this very indirect jobs support that was created from this activity, and of course the long-term support that is created to all of these various industries that rely——

Senator INHOFE. Yes, that is my point. There are two things here: the indirect jobs and then the long-term, how this helps others. And I know there have been studies, and that is the kind of thing that we like to hear so we can use that.

Other comments on that particular thing?

Yes, Mr. Foss.

Mr. FOSS. I think the AGC, the way they put their stats together on that information is they are saying that direct jobs per billion of dollars invested is about 19,500, with another 9,700 of indirect jobs, which are material suppliers of course, but then also those are the jobs that go on, that are the restaurants that workers eat out in and further on into the economy. That is how AGC looks at those numbers.

Senator INHOFE. OK. That is good. Now, the last Administration had a figure, and I have it down here. It is 34,779 jobs for every billion dollars that is invested in highways. Do you think that figure is still good?

Mr. RAHN. Yes, Mr. Chairman.

Mr. BUECHNER. It is still pretty good.

Senator INHOFE. OK. The other thing I wanted to ask——

Mr. BUECHNER. May I respond?

Senator INHOFE. Of course. I want you to.

Mr. BUECHNER. I think when you are looking just at the direct and indirect jobs created by the actual transportation projects, you really miss a very big part of the picture, which is the impact that the improvements have on the rest of the economy.

Senator INHOFE. No, we didn't miss that. Apparently, you weren't listening because I said there are two things——

Mr. BUECHNER. No, no, I am sorry. But we haven't discussed that yet. You discussed it, yes.

Senator INHOFE. Oh, OK. Fine.

Mr. BUECHNER. And you know, the fact is, as we point out, there are a number of industries that are totally dependent on the transportation infrastructure, almost for their existence. And you know, in the last two or three decades we have been losing a lot of manufacturing jobs and things like that to China and India, where they have been beating us even with very primitive infrastructure. But they are now doing what they need to do to improve their infrastructure. China has embarked on a $40 billion massive expressway program. India is also creating massive expressways. And so they are now going to take this to the next level.

And we have been fortunate, though, a lot of the good jobs have still remained here, the high paying creative jobs, but they are targeting those jobs now. And we are going to be in even worse trouble if they succeed in getting their infrastructure up to where ours is, and we don't take the steps that we need to be doing.

Senator INHOFE. Yes, that is a good point.

In your statement, Mr. Poupore, I had asked them to pull this out of your statement because you said, "A key consideration for the short-term infusion of infrastructure spending is this: Every dollar invested in construction generates another $1.59 that flows through the rest of the economy."

What is the source of that? That is a good one. I am looking for talking points here, and I think that is a good one.

Mr. POUPORE. That comes from our research directors at the Operators and the Carpenters. This multiplier effect is pretty much what you were just talking about with every billion dollars invested. For example, right now we are building the extension of the Metro out to Dulles Airport. And I was just talking to the project manager this morning, and we have about 550 direct hire people on the project.

But more importantly, they are building new rail cars and the steel for it, and the concrete is being put together. And everybody that is working on the project needs to have protective equipment and shoes. And it just goes on and on and on.

If they were sitting home without any jobs, none of those other things get going. So that is where that $1.59 comes from.

Senator INHOFE. Good.

Thank you, Madam Chair.

Senator BOXER. Thank you so much.

Senator Klobuchar.

Senator KLOBUCHAR. Thank you, Madam Chair.

I wanted to get your feelings on the Build America Bond Program, how that is going. As you know, it is something that I have been supporting and Senator Wyden and Senator Thune and other people. Do you think it is being utilized to the fullest extent? And what is your recommendation on how to make it better with States where it has been slow?

It looks like, Mr. Rahn, you want to answer that.

Mr. RAHN. Senator, I believe Build America bonds have been very successful. Missouri has issued several hundred million dollars of debt utilizing the Build America bonds. I think that it has provided another vehicle to us to leverage the resources we have.

But I do need to add that ultimately the problem that we have within infrastructure today is not ways to borrow more money. We have pretty much borrowed everything we can. We now need to be able to pay for the improvements that need to occur. So Build America bonds have been positive. We have utilized them. I know many States have utilized them, and they have found that it has been a way to reduce borrowing costs. So it has made the cost of our borrowing less.

But for years now, actually for the last decade and a half, States have been borrowing money to pay for infrastructure, and we have now tapped out the credit card, and it is now time we need income to make those payments and to pay for the improvements we need on our system.

Senator KLOBUCHAR. Right. Good.

Mr. Buechner, in your testimony, you raise this interesting point about how some States are better at getting highway projects under construction more than others, which leads to more efficient utilization of resources and creation of jobs. Could you elaborate on that? And what are some of the differences between the well performing and the poor performing States?

Mr. BUECHNER. Well, clearly, States like Missouri that anticipated this and had projects ready to go, has done an excellent job of getting projects underway. Pennsylvania has gotten a large number. Utah, Maine, and a number of States have done very well in getting projects underway. There are a few that have been laggards.

And I think it is kind of interesting that money that was coming to the States, 100 percent federally funded projects, a lot of the States, why some States wouldn't have actually just gotten all that money out there and getting it going as fast as possible.

But I think the importance of those funds is going to continue to be felt this construction season when a lot of the construction work will be done on projects this year. So even though some States may not have gotten things going quite as fast as others, everybody this year is going to be benefiting from the Recovery Act funds.

Senator KLOBUCHAR. I just think at some point it will be helpful to know what States did that and how we can use those as better examples.

Mr. BUECHNER. We have a monthly report that we put out. I will send a copy to you.

Senator KLOBUCHAR. OK. Thank you.

Mr. Foss, you note in your testimony that increasingly companies are looking at the quality of a region's transportation system when deciding when to relocate or expand. Do you have any specific examples of that?

Mr. FOSS. No, I don't have any specific example on that. However, in California, just listening to the news and the reports that come out, our industry is having a drain in California, and a lot of that is then related back to the plants are relocating where they can actually get to work and get their products shipped.

Senator KLOBUCHAR. Yes. You also talked about how, and I know some of the panel has talked about it ahead of time, the benefits of the long-term transportation bill will provide in terms of certainty for workers and the industry. How does this impact the way construction companies manage their work forces, if you know with certainty what is happening?

Mr. FOSS. Griffith Company works within our means. As a company, we typically don't reach out to get increased volume. But as we grow, the most important piece of our company is the employee. And we are looking for our labor unions to provide us with quality workers, and we have to plan long range. When you go to pour a bridge deck, we have poured some big bridge decks in the last year where we poured around the clock, and we had over 120 carpenters, masons, laborers on our bridge deck at different shifts.

We have to plan for our work force in everything we do. Without the certainty of work, we begin to lose employees. We can't keep them on, even valuable employees. And Griffith Company is a very stable company. We try to keep our best people on board all the time.

Senator KLOBUCHAR. OK. Very good. Thank you very much.

Senator BOXER. Thank you, Senator.

Senator Voinovich.

Senator VOINOVICH. Mr. Buechner, you have done a good job in your testimony to talk about the impact that transportation construction industry have on the U.S. economy. And you have various things that you have made reference to. But can you capture just of the total U.S. economy, I think you have something here where it contributes to—what?—2 percent of GDP.

Mr. BUECHNER. Yes, sir.

Senator VOINOVICH. But it is more than something else. To try to give us something that we can use to say to the Administration or to anyone that if we had this reauthorization, and it was robust, what portion of the economy could we basically say is going to be OK and have certainty for the next 5 years?

Mr. BUECHNER. Well, I think directly it is the transportation construction sector of the U.S. economy that would benefit immediately from this, from the State DOTs like Pete Rahn was saying, give them an opportunity to plan long-term projects. Contractors would have an opportunity to hire workers, purchase equipment and things like that. So there would be an immediate impact on the transportation construction sector itself.

And as Senator Boxer pointed out, every billion dollar increase in Federal funding for transportation supports 35,000 new jobs. So if you have a 6-year authorization that ramps up Federal investment in construction in highway improvements and transit, you will be adding tens of thousands of new jobs in that sector each year.

At the same time, there will be a widespread impact on the 200 and some-odd industries that provide products and services to highway contractors and to bridge contractors, airport contractors and things like that.

But I think, as I pointed out earlier in my response to a question by Senator Inhofe, that the long-term impact on this, on the rest of the economy probably it dwarfs the direct impact on the construction industry, the ability of manufacturing firms to lower transportation costs and therefore compete more effectively with manufacturers abroad. All throughout the U.S. economy, the increase in competitiveness, the increase in productivity would support even greater job growth than the numbers that we are talking about just in the transportation.

Senator VOINOVICH. So the point is that it might be good on one piece of paper, two pieces of paper. You have done it, some good work here in your testimony. But to kind of lay it out so that when the Chairman of the Committee—by the way, I would like to congratulate the Chairman for the great work that she has done and how enthusiastic she is about moving on this, on the urgency of it.

But I think if you had that list of things in terms of the impact on the economy and the jobs it would create, and then I think your contrast with some of the other areas, so people would be surprised at how much more it contributes than, say, some of the other things that you have listed here.

And then the last half of it would be the indirect impact, which was brought up in somebody's testimony, about truckers, and I talked with Bill Graves, and he says his guys, they are getting maybe 60 percent out of what they were getting maybe, you know, 100 percent maybe 10 years ago, but what they are running into around the country. And some of these other side things that are real important, the competitiveness, say, with the Chinese as they move forward. It think Senator Inhofe made mention of that. But I think we need to really articulate that.

And then the other thing is is that from the State point of view, and the certainty of your being able, you were mentioning about you are going to have to back off some of the lettings that you have done unless this thing gets worked out. And I think that your groups should lay out the fact that they are in trouble now, and if we don't get this thing done, what impact, the rippling effect it is just going to have on your ability to plan highways to the future. Because I don't think a lot of people understand. I do as a former Governor. It takes a long time to put one of these things together.

And so I think there are some big issue things that we need to articulate to the public to get the kind of support that we are going to need for this. And I think that the more that you folks can raise this as a national priority and opportunity, the better off we are going to be.

I think that we have a bill over in the House that I am sure the Chairman and I are interested and everyone is interested in what your thoughts are about that bill, because he has put a lot of work in it, Jim Oberstar. And then to start looking at some of the other things that we should do so that we can put this on a fast track and get it done.

Last but not least, and that is the issue of financing. I had some folks in yesterday that talked about how they are doing some creative financing down in Texas and so forth. But I would be interested in—a gas tax is something that we have talked about, but what other types of financing would you have in mind that we could utilize? Because we are going to have to have kind of a smorgasbord of those things. And of course, that is Max Baucus's job because he is over in Finance.

But honest to goodness, I think if we really pull together this can be a really great bipartisan thing, a good thing for our country. And we are really going to need your support. And as the Chairman said, we would like to have you talk to every single Member of the Senate, let them know how important this is, and run over to the House today.

Thank you.

Senator BOXER. We have prepared a list here of all the Democrat and Republican House Members from Missouri with their phone numbers.

[Laughter.]

Senator BOXER. I used to be a staff member, so I have done the staff work on this.

[Laughter.]

Senator BOXER. Senator Merkley.

Senator MERKLEY. Thank you very much, Madam Chair. And thank you for bringing folks together to start paving the path for us to figure out the reauthorization of the transportation bill.

This is such an important issue for every State and for our national economy. Certainly, as a member of the State legislature, we wrestled with how to take on major bottlenecks in the transportation system. We had a series of bills in three subsequent sessions—Connect Oregon I, Connect Oregon II, Connect Oregon III—trying to address mainly freight mobility, and looking not just at the road system, but also at the interconnectedness to our ports and to our rail.

So one of the things that I wanted to ask is: To what degree is our transportation funding system caught in silos where we look separately at these key components of the transportation infrastructure? And is that perhaps not an issue? But if it is an issue, are there ways that we could think about how we start to make sure we are addressing the transportation system as a coherent whole involving intermodal, shipping, water shipping, and certainly rail shipping, as well as highway transportation?

I will just open this up to whoever would like to comment.

Mr. RAHN. Madam Chairman, Senator, the last count I saw had our Federal funding for transportation divided into 108 different categories. And so there are absolutely silos and then cubicles within silos that actually make it quite complex for us to put together a funding package for any one particular project.

And that is one of the issues that AASHTO has been requesting from Congress: that the next authorization bill is less cubicle with more flexibility to allow us to utilize funds. We do believe there is justification for some categorization of funds, but certainly not down to the level of 108 categories, some of these representing a relatively very small amount of money, and yet having conditions on it. For instance requiring a full-time staffer at every State to deal with these very small programs.

And so the idea of simplification, allowing more flexibility, allowing States to use money for either transit or highways, as an example, or ports. We support that concept, and we think it would be very useful and productive to allow States to use the flexibility to fund projects within broad areas.

Senator MERKLEY. Anybody else want to jump into that conversation?

Mr. BUECHNER. Yes, sir. When ARTBA's members started thinking about reauthorization, the No. 1 issue that we found as important was freight transportation because of its great impact on the economy. And that is kind of the lost stepchild of important elements of, you know, what States consider when they are thinking about what projects to do.

For example, you know, I know Pete has, no matter how much money he gets from the Federal program, he still doesn't have enough money to do everything that needs to be done in Missouri. So when he is looking at projects, and he has one project that is going to help get workers or improve travel in St. Louis to get people to and from work, versus a project that is going to facilitate the shipment of freight from California to New England, I mean, he has got priorities that are going to say, we've got to get this first project done.

So some of that may help freight, but it is not going to focus on freight. Congestion has become a very important obstacle to freight shipments in the U.S.

So ARTBA proposed a Critical Commerce Corridors Program where we would separate out freight as a separate issue, develop a national kind of a freight plan: where do we need truck-only lanes; where do we need more capacity, not just on a State level, but on a national level. And a proposal would be to finance that particular kind of program through small user fees on shippers. You know, we have $11 trillion worth of freight shipped in the United States every year. A teeny freight user fee would raise billions of dollars that could be used to just improve corridors of freight in the U.S.

Senator MERKLEY. Madam Chair, do we have time for me to ask one more question?

Senator BOXER. Yes, OK.

Senator MERKLEY. Utilizing your last comment as a segue to the revenue side, and I am sorry if I missed this if this was in earlier testimony, but given the propensity for folks to drive less and to drive in more fuel efficient vehicles, has our actual revenue from the gas tax dropped, and how significantly, and how much of an impact will that have without significant changes in the revenue strategy?

Mr. RAHN. Madam Chairman, Senator, the States have seen declines in gas taxes, but overall it is a relatively stable tax, so it has not collapsed, but it has declined. And as we look forward, it is pretty clear that our Nation's energy policy, which says we want to utilize less petroleum, is in conflict with our national transportation policy which says we use the fuel tax to pay for our transportation system. And clearly these things are in conflict.

So we have major issues going forward as States in trying to discern how it is we are going to pay for our transportation system that is becoming more expensive, not less; that is having different sorts of usage, freight being one of those that has never been anticipated at the levels that we are seeing; and how we are going to do that with traditional revenue streams that are not sufficient today, let alone being sufficient for the future.

Mr. BUECHNER. And it is also an issue at the Federal level, with the gas tax revenues kind of leveling out in this recession and a major collapse in truck sales tax revenues. That is the second source of revenue for the Highway Trust Fund, which is a sales tax on large trucks. And you know, with the economy in a recession and freight shipments down for the last couple of years, nobody has been buying new trucks.

Senator MERKLEY. Well, thank you very much for your comments on both points. The silo challenge, I guess I am kind of shocked by that 108 categories, and I am sure that every single one of them, there was a purpose at some point, but it certainly restricts flexibility. And thank you for your commentary on the challenges on the revenue.

Thank you, Madam Chair.

Senator BOXER. Thank you, Senator, for bringing up the revenue stream because, clearly, I have discussed this with Senators Inhofe and Voinovich, we are going to have to look at all the proposals that we can in order to make sure that our Finance Committee has every idea that is out there, because we do want to pay as you go on this.

Did you want to add to that, Mr. Foss?

Mr. FOSS. Yes. I wanted to make a comment on that. Senator Voinovich had mentioned about creative, other ways to raise revenue. The industry is working on lots of other ideas other than the gas tax increase. But a lot of those ideas are future ideas. There are a lot of ideas on bonding and things like that, and tolls and vehicle miles traveled. There are a lot of ideas floating out there.

But I would just like to say to the Committee, if I may, that the gas tax is still the best way to fund this program. It is a user fee. And as an example in California, we can advertise this to the general population. They understand traffic congestion. They understand their quality of life impact based on congestion. In California, we have begun to see a movement—it has been quite a few years now, we call them self-help counties. These counties put together a transportation plan for their specific county. They identify a good solid program where they identify specific bottlenecks that they are going to plan to improve. And those voters vote to tax themselves in the sales tax anywhere from an additional half to three-quarters of a cent specifically for transportation.

The general public gets it. And I would just encourage the Committee to have the courage to move forward on that idea. The general public will support you on that if your program identifies specific programs. If you get rid of earmarks, if you get your program well identified, the general public is not afraid to tax themselves for better transportation and a better quality of life.

Senator BOXER. OK.

Senator Voinovich.

Senator VOINOVICH. I think that one of the other challenges are big picture things that we need to communicate, but it seems to me that ARTBA, maybe working with AASHTO, could do some analysis statewide as to major things that need to be taken care of. Because I think the public has to understand that if this happens, and I assume that all of you would support an increase in the gas tax.

Mr. Rahn. Oh, you can't do that because you are——

Mr. RAHN. I can speak as an individual from Missouri.

Senator VOINOVICH. But not as your Governor. Right. OK.

[Laughter.]

Senator VOINOVICH. All right. In your heart, you know it is something that we might have to do.

[Laughter.]

Senator VOINOVICH. But I think, as the Chairman said, we need to look at some other things. But I think that it is like everything else. It is the need that has to be communicated out there. And I think the other thing is that there is the number of jobs that could be created. I mean, AASHTO right now, Madam Chairman, is talking about, I don't know how many thousand jobs they could turn on just like that because the need is there. It is not like one of these, I mean, it is almost like a rocket going up in terms of jobs. If this thing passed, boom, we would see an increase in jobs in the country, which is something that we need to do.

And then if you had that plus the impact that it is going to have in terms of a portion of the economy, I think it would be very good.

Do you all get together at all? I mean, do your organizations talk to each other?

Mr. BUECHNER. Absolutely.

Senator VOINOVICH. I really think that is important because the Chairman is going to need as much help as possible. The more you can speak with one voice on things, it would be very, very helpful, particularly if we are going to move, in terms of—have all of you looked at the bill that came out of the Subcommittee in the House?

Mr. RAHN. Chairman Oberstar's bill?

Senator VOINOVICH. Yes. Have you looked at it, Mr. Buechner?

Mr. BUECHNER. Yes.

Senator VOINOVICH. How about AGC, have they looked at it?

Mr. FOSS. AGC has looked at it. Yes, sir.

Senator VOINOVICH. Yes. Well, it would really help if you got the group together, and how much of it would you agree on? I know I have talked with the State and Local Government Coalition. That is the Mayors, the Governors, the National Society of State Legislators and the rest. It would be real interesting to all of us, wouldn't it, to find out just what you agree on with that and where you have differences.

You were talking, Mr. Rahn, about the flexibility. Could you give us just an example or two of—what is it? How many, Madam Chairman, 110 categories or something?

Mr. RAHN. Madam Chairman, Senator, yes, 108 categories in the existing SAFETEA-LU bill for funding categories. It is actually quite onerous to administer. While obviously, we are grateful for funding that comes to us to address transportation, it certainly could be streamlined. And there are broad areas of Chairman Oberstar's bill that we support. We have some areas that in fact we do believe need continued work.

I think the issues that we are very supportive of are the need for a balanced approach that says both highways and transit need significant funding, and as well as a balance between urban and rural interests within that bill.

And so those would be some of the areas that we would like to see improvement in Chairman Oberstar's bill.

Senator VOINOVICH. He has reduced them down into categories. It would be interesting for us to find out just how you groups feel about collapsing those into the categories that are laid out and how receptive you are to those categories that he has laid out.

Mr. RAHN. We would be happy to get that to you, Senator.

Mr. FOSS. Senator, AGC and AASHTO are AASHTO are currently doing just what you are asking. We are looking at the big picture as an industry. And like Pete mentioned, there are some areas, lack of flexibility, some of the micro-managing, that is in that bill we are looking to loosen up a little bit.

The States and local agencies have done a good job working for the Federal Government being the administrator of these programs in the past, and we think that should continue.

Senator BOXER. I just want to say to Senator Voinovich how much I appreciate his leadership. And I want to just say that I, speaking for myself, I want to team up with him on asking you to go through the Oberstar bill section by section. He has it down to nine sections. I vow to streamline our bill to 10 sections at the most because that was the first advice of the Special Commission, Senator Voinovich, that came back after a year of study.

But if you could go through that literally with a pen and let us know where you agree, where you disagree. If there is any problems or things you especially like, it would be very helpful. Because we are not going to start from scratch. We are going to take that bill and work off it, which was Senator Voinovich's idea. So we are going to look at that and go section by section.

I just want to say to all of you how important you are to us. There are two ways to fight for things you believe in around here. One is an inside strategy, talk to our colleagues. The other is an outside strategy, engage the people who are on the ground.

Frankly, you have so much credibility. And Thursday's vote is key. Otherwise, Mr. Rahn's State is not going to be able to have any progress. We have got to get that year extension behind us. And if we don't get it by a two-thirds vote, I don't know what happens next, whether there is going to be some kind of pay-go difference with our bill. It comes back to our Senate, and as Senator Voinovich will attest to, nothing comes easy over there. It is going to be more time and more time and more time.

So I now gave Mr. Foss, poor guy, all of the California, I gave them all of the California representatives here. And in the hopes that the California folks from AGC could get on the phone. You have all day tomorrow. Well, all day today to get it done. I think if they hear that all of our States are in trouble if we don't do this year extension, we should get the votes.

I want to say to all of you my deepest thanks. This is the first hearing on our way to a 5-year bill. We are very excited about it on both sides of the aisle, and we couldn't have had a better first day. Thanks to all of you.

And we stand adjourned.

[Whereupon, at 11:35 a.m. the Committee was adjourned.]

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