

Executive Summary

This report examines the success of states in implementing highway spending from the American Recovery and Reinvestment Act of 2009. It focuses on four areas that were emphasized during the implementation process: the speed with which states were able to dole out stimulus dollars and get projects up and running, the focus of the projects themselves, accountability and transparency initiatives, and the impact of the stimulus spending on job creation and other indicators. The report is drawn from federal and state government reports and news accounts, as well as interviews with state stimulus officials. Some of the findings include:

The Need for Speed: Meeting Deadlines & Goals in the Recovery Act

- ▶ News stories early in the implementation focused on the speed with which states were doling out stimulus money and getting projects underway.
- ▶ All 50 states obligated at least half their highway stimulus funds by late June and avoided losing half of what wasn't obligated.
- ▶ **Maine** secured 100 percent of its funds by the deadline. Officials credit several reasons for the success including: a commitment from the governor; the development of a structure inside government to push things along quickly, the use of the possibility of applying for money left on the table by other states as a motivator; a weather-determined short construction season and strategic planning that allowed the state to anticipate stimulus funding and make sure a project to reconstruct the northbound lanes of I-295 was ready to go.
- ▶ In August, the chairman of the U.S. House Transportation and Infrastructure Committee sent letters to the governors of three states that had utilized the most of their stimulus highway funding through the end of June.
- ▶ **Wyoming** had used 76 percent of its \$157.6 million. Officials credit the following factors for their success: the state's small size and less bureaucracy, the creation of an interagency team that began meeting even before the stimulus bill was signed, the state Department of Transportation's long list of projects already in the queue and the state legislature's delegation of all operations to the governor.
- ▶ **New Hampshire** had used 64 percent of its \$129.4 million through the end of June. Officials credit: additional meetings of the legislature's Joint Fiscal Committee and the state's five-member Executive Council to sign off on projects, the state's huge backlog of projects and efforts by the state's Congressional delegation to make Recovery Act deadlines more suitable to the short construction seasons of New England.
- ▶ Other states such as **Florida** that chose to spend stimulus dollars on larger projects were slower to spend their funding.
- ▶ Lengthy project approval processes, the desire to seek public input and state budget woes also slowed the efforts of some states.

The Roads Not Taken: Focus of Stimulus Transportation Projects

- ▶ In addition to the goal of creating and saving jobs, the legislation or federal guidance set eight other goals for states' use of surface transportation program dollars. They include: fixing crumbling infrastructure, modernizing the system, promoting long-term economic growth, improving public transportation, reducing energy dependence, cutting greenhouse gas emissions, not contributing to additional sprawl, and reducing commute times and congestion.
- ▶ But some questioned whether the kinds of projects chosen by states had as much impact as possible in addressing these goals. An analysis in June by Smart Growth America found that while 17 states were spending 90 percent or more on road repair, states overall committed nearly a third of their transportation stimulus money to new capacity road and bridge projects. And while seven states did spend more than 10 percent of funds to expand transportation choices (including public transportation), most states did not use Recovery Act funding to fill a backlog in public transportation investment.
- ▶ **Iowa** was one state that ranked fairly high both in the percentage of highway stimulus funds committed to road repairs (93 percent) and the percentage of overall transportation stimulus dollars spent on public transportation and biking and walking facilities (16.5 percent). Iowa officials say they essentially just moved forward with their existing state transportation plan, which fortunately was already making road repair a state priority after several years of concentrating on new capacity.
- ▶ **Kentucky** on the other hand was criticized for planning to spend 88 percent of its stimulus transportation money to build new roads. But state transportation officials said practically the reverse was true with 83 percent (or \$369 million) of stimulus funds going to safety, reconstruction, pavement rehabilitation, minor and major widening, and road relocation projects and only 17 percent (or \$76 million) going to new capacity routes and bypasses.
- ▶ The Recovery Act required states to give priority in their stimulus spending to counties considered economically distressed. Yet one study in July indicated that less than half the federal highway money was being directed to those areas. The timing of the stimulus implementation made it difficult for many states to consider the economically distressed requirement in the creation of their project lists. Federal officials also said there was substantial variation among the states in how they identified these areas and how projects were prioritized.
- ▶ A report for the U.S. Conference of Mayors in June found the top 85 metro areas, comprising 63 percent of the nation's population and 73 percent of the gross domestic product, were receiving less than a proportionate amount of stimulus funding. *USA Today* also found that nearly \$60 billion in stimulus aid to repair the nation's roads has largely bypassed dozens of metro areas where roads are in the worst shape.
- ▶ The use of existing federal programs and spending formulas to disburse stimulus dollars meant that some states with high unemployment rates did not receive as much funding per capita as other states with lower unemployment.

Taking Stock: State Transparency & Accountability

- ▶ Section 1512 of the Recovery Act required that all recipients of the funding report on the use and impact of those funds to the federal government.
- ▶ In a July study, the economic development research group Good Jobs First ranked states according to their Web sites reporting Recovery Act data. **Maryland's** StateStat transparency initiative ranked number one and was praised for its use of interactive maps as well as the availability of contractor names, employment data and project status information. StateStat uses graphic displays based on interfaces developed by a California-based geographic information systems firm.
- ▶ **Maryland** officials say the fact that the backbone for StateStat was already in place before the stimulus for other state transparency initiatives made it easier to get their stimulus tracking efforts up and running. But organization, educated guesswork and a little luck also played key roles, they said. It also helped that the state already had a long list of projects in the system that could be quickly brought online.

The Rubber Meets the Road: Impact of the Recovery Act

- ▶ On Nov. 1, 2009, the Obama Administration announced that federal stimulus funds had created or saved 640,239 jobs nationwide. But the accuracy of that figure, which was based on the reports of thousands of stimulus fund recipients, has been questioned.
- ▶ The states featured elsewhere in this report all appear to have fared well in terms of job creation and other indicators, likely due in no small part to their successful implementation efforts.
- ▶ In **Maine**, more than 3,400 people were employed during the summer construction season in transportation, drinking and sewer water projects. The state put 71 highway and bridge projects out to bid. As of October, work had begun on 64 and was complete on 27.
- ▶ **New Hampshire's** highway infrastructure investment was responsible for creating 116 full-time equivalent jobs through the end of September and the state had begun construction on projects totaling 78 percent of their funding.
- ▶ **Iowa** highway capital projects were responsible for creating or saving 1,212 jobs through the end of September. The state had begun construction of projects totaling 84 percent of its funding.
- ▶ **Wyoming** highway infrastructure projects created or sustained 1,961 direct jobs through the end of September. The state had begun construction totaling 96 percent of its funding.
- ▶ In **Maryland**, 56.5 percent of projects were underway at the end of August and 1,086 transportation jobs had been created or saved.
- ▶ **Maryland's** StateStat continued to rank high in a January Good Jobs First reassessment of Recovery Act Web sites. Illinois, Kentucky, Minnesota and Utah improved significantly in the latest rankings for adding new capabilities to their sites.

- ▶ Smart Growth America followed up its June report with one in January that said “each state has its own story to tell” about how it spent stimulus transportation dollars. While some states chose to finance expensive projects, other states had more limited options and selected projects that could be quickly pushed along. But the report cited Maine as a case in point that “sometimes policy directions can be linked to results.”
- ▶ A true assessment of the short- and long-term impacts of the Recovery Act may be difficult to attain.
- ▶ The legacy of the Recovery Act as far as transportation infrastructure goes will instead be written state by state, community by community, project by project and job by job.
- ▶ The legacy would not be possible without the efforts of state governments, which have re-shaped processes and relationships in myriad ways.
- ▶ A number of challenges lie ahead in 2010 for the completion of Recovery Act high-way spending. State governments have plenty of lessons they can take away from the early months of stimulus implementation and plenty of role models to look to as well.