



U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

James L. Oberstar
Chairman

John L. Mica
Ranking Republican Member

David Heysfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

June 23, 2009

SUMMARY OF SUBJECT MATTER

TO: Members of the Committee on Transportation and Infrastructure
FROM: Committee on Transportation and Infrastructure Staff
SUBJECT: Hearing on “Recovery Act: 120-Day Progress Report for Transportation Programs”

PURPOSE OF HEARING

The Committee on Transportation and Infrastructure will meet on Thursday, June 25, 2009, at 11:00 a.m., in room 2167 of the Rayburn House Office Building to examine progress to date on implementing the American Recovery and Reinvestment Act (P.L. 111-5) (Recovery Act). The hearing will address implementation efforts in transportation programs under the Committee’s jurisdiction, including highways, bridges, public transportation, rail, and aviation.

BACKGROUND

State of the Economy

According to the Bureau of Labor Statistics (BLS), as of May 2009,¹ there were 14.5 million unemployed persons in the United States, for all sectors of the economy combined. In addition, when part-time and discouraged workers who want full-time jobs are included, the number of unemployed/under-employed workers increases to 25.8 million.

The unemployment rate in May 2009 was 9.4 percent – the highest it has been in 25 years. When part-time and discouraged workers who want full-time jobs are included, the unemployment rate was 16.4 percent.

The National Bureau of Economic Research has determined that the current recession

¹ The latest month for which data is available.

began in December 2007. At 18 months and counting, the current recession has lasted longer than any recession since the Great Depression. From the start of the recession in December 2007 through May 2009, the number of unemployed persons has increased by seven million.

The construction sector has been particularly hard-hit. It has lost 1,220,000 jobs since the recession began in December 2007. The unemployment rate in construction was 19.2 percent in May 2009 – up 10.6 points since May 2008. This is the highest unemployment rate of any industrial sector. As of May 2009, there were 1,768,000 unemployed construction workers in the nation – that is 959,000 more unemployed construction workers than in May 2008, and 1,092,000 more than in May 2007.

Within the overall construction sector, seasonally adjusted employment in heavy and civil engineering construction² has fallen by 120,100 since the recession began in December 2007. Heavy and civil engineering construction employment is now the lowest it has been since October 1998.

Moreover, after workers have lost their jobs, they have had more trouble finding new jobs. As of May 2009, the average length of unemployment was 22.5 weeks, compared to 16.5 weeks in December 2007 at the start of the recession. The number of workers who have been unemployed for longer than six months was 3.9 million, compared to 1.3 million in December 2007. One-half of the unemployed have been out of work for more than 14.9 weeks, and more than one in four has been out of work for more than six months.

With this urgent need for jobs as the backdrop, Federal agencies, State and local governments along with business are working together to implement the Recovery Act, to create and sustain family-wage jobs now and, at the same time, address the nation's long-term transportation investment needs.

² This term includes highway, street, and bridge construction; utility system construction; land subdivision construction; and other heavy and civil engineering construction.

Recovery Act

On February 17, 2009, the Recovery Act was signed into law. The Act provides \$48.1 billion of transportation investment for programs within the jurisdiction of the Committee on Transportation and Infrastructure, including:

- \$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;
- \$1.3 billion for aviation; and
- \$100 million for small shipyard grants.

I. Implementation Highlights of Transportation Investment

As of June 15, 2009, the U.S. Department of Transportation (DOT) had announced \$47.5 billion and obligated \$17.5 billion in Recovery Act funding of a total \$48.1 billion for projects provided under the Act.

Highways and Bridges

- Of the \$27.5 billion provided for highways and bridges, 50 States, three Territories, and the District of Columbia have submitted to and received approval from the Federal Highway Administration (FHWA) for 4,366 projects totaling \$14.4 billion, approximately 54 percent of the Recovery Act highway formula funds.³
- 43 States and the District of Columbia have already met the Recovery Act requirement that 50 percent of funds apportioned to the States be obligated within 120 days (June 30, 2009) of the date of apportionment.

Transit

- Of the \$6.8 billion apportioned for the Transit Capital Assistance program, the Federal Transit Administration (FTA) has awarded 101 projects totaling \$1.2 billion in 29 States and the Virgin Islands.
- Of the \$750 million appropriated for the Fixed Guideway Infrastructure Investment program, FTA has awarded 11 grants worth \$199 million in seven States and the District of Columbia.
- On May 11, 2009, FTA issued \$742.5 million in New Starts grants for projects in the following nine states: Arizona, California, Colorado, New York, Oregon, Texas, Utah, Virginia, and Washington.

³ In the Highway Infrastructure Investment program, the point of obligation occurs when FHWA approves a project that a State has already vetted and submitted to FHWA. After this approval, State Departments of Transportation proceed with solicitation of bids and/or award of contract.

Rail

- The Federal Railroad Administration (FRA) has approved 675 Amtrak capital improvement projects, totaling nearly \$1.3 billion.
- On April 16, 2009, FRA announced its strategic plan for distributing \$8 billion in high-speed rail and intercity passenger rail grant funds. On June 17, 2009, FRA issued interim guidance that describes the program's requirements and funding opportunities. Eligible applicants include States, groups of States, interstate compacts, and public agencies established by one or more States that may apply for capital improvements grant funding that benefits all types of intercity passenger rail.

Competitive Surface Transportation Grants

- On May 18, 2009, DOT published notice of \$1.5 billion in funding availability and solicitation of applications seeking Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants. Applications are due by September 15, 2009.

Aviation

- The Federal Aviation Administration (FAA) has identified all but \$5 million of the \$1.1 billion in Recovery Act airport improvement funding for 325 projects, of which only 11 projects, totaling \$18.9 million, still await Congressional notification. The FAA has obligated 100 airport improvement projects worth \$330 million in 41 States and two Territories.⁴
- Of the \$200 million apportioned for the Facilities and Equipment program, the FAA has obligated \$48 million for 157 projects in 38 States.⁵

Small Shipyard Grants

- The Maritime Administration received 454 applications totaling \$1.25 billion for its small shipyard grants program. The Administration plans to complete its review of all applications by mid-July 2009 and make awards by August 17, 2009.

For additional information, see the attached report entitled *The American Recovery and Reinvestment Act of 2009, Transportation and Infrastructure Provisions Implementation Status as of June 15, 2009*.

⁴ In the Airport Improvement Program, the point of obligation occurs when the FAA awards a grant based on bids received. After grants are awarded, airport sponsors proceed to award contracts.

⁵ In the Facilities and Equipment program, the point of obligation occurs when the FAA signs a contract for a facility improvement or equipment purchase.

II. Transparency and Accountability Information

State and Formula Program Data

On May 1, 2009, the Committee on Transportation and Infrastructure sent letters to States, Territories, the District of Columbia, Metropolitan Planning Organizations, and public transit agencies requesting updated information on their use of Recovery Act formula funds for highways, bridges, public transit, clean water, and other infrastructure projects under the Committee's jurisdiction.

According to these submissions, as of May 31, 2009, just 103 days after President Obama signed the Recovery Act:

- 4,098 highway and transit projects in all 50 States, three Territories, and the District of Columbia have been put out to bid, totaling nearly \$16 billion;
- 47 States and the District of Columbia have signed contracts for 2,294 highway and transit projects worth \$6.5 billion, an increase of more than 200 percent in the 30 days since the previous reporting deadline (April 30, 2009);
- Work has begun on 1,243 highway and transit projects in 47 States and the District of Columbia totaling \$4.4 billion, an increase of over 225 percent in the past 30 days;
- These 1,243 highway and transit projects have created or sustained more than 21,000 direct, on-projects. According to DOT, "an example of a direct job is a worker employed to construct a facility or to maintain equipment on-site whose time is charged directly to the project;"⁶ and
- These projects have also created or sustained thousands of indirect and induced jobs. According to DOT:

An example of an indirect job is a worker who makes the steel or other construction materials used at the project site, or who manufactures a bus purchased by a transit authority using ARRA funds. These indirect jobs are not charged directly to the project but are embedded in materials costs. An example of an induced job is a fast food worker who sells lunches to your workers.⁷

For additional information by State and formula program, see the attached table entitled *T&I Committee Transparency and Accountability Information by State and Formula Funding under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) ("Recovery Act") Submissions Received by T&I Committee (Data Reported as of May 31, 2009)*.

⁶ DOT TIGER, "Frequently Asked Questions" about Recipient Reporting: Section 1201(c) of the ARRA, <https://arrareporting.dot.gov/FAQ.cfm#q16>.

⁷ *Id.*

Project Data

The Committee also requested that Federal agencies implementing programs receiving Recovery Act funds under the Committee's jurisdiction submit a specific list of announced Recovery Act projects, as of June 15, 2009.

According to the DOT's submission, the DOT has announced \$47.5 billion of the total \$48.1 billion provided under the Recovery Act. The Department has obligated 5,412 projects worth \$17.5 billion. Within this total, State Departments of Transportation have obligated funds for 4,366 highway projects totaling \$14.4 billion, approximately 54 percent of the total highway formula funds.⁸

To download a complete list of projects, please visit the Transparency and Accountability section of the Committee's website at: <http://transportation.house.gov/>, and click on "Transparency and Accountability Information by Project (Data Reported as of June 15, 2009)". The list may be searched by State, Congressional District, Federal agency, or program.

Future Reports

The Committee will require Federal agencies, States, Metropolitan Planning Organizations, public transit agencies, and other grant recipients to report regularly to the Committee regarding implementation of the Recovery Act.

⁸ DOT has obligated the remaining \$3.1 billion of the total amount obligated, \$17.5 billion, for transit, rail, and aviation projects.

WITNESSES

PANEL I

The Honorable J. Randolph Babbitt

Administrator
Federal Aviation Administration

The Honorable Joseph C. Szabo

Administrator
Federal Railroad Administration

The Honorable Peter M. Rogoff

Administrator
Federal Transit Administration

Mr. Jeffrey F. Paniati

Acting Deputy Administrator
Federal Highway Administration

Mr. Joseph H. Boardman

President and CEO
Amtrak

PANEL II

The Honorable Larry L. "Butch" Brown

Executive Director and Chief Administrative Officer
Mississippi Department of Transportation
representing the American Association of State Highway and Transportation Officials

Mr. Joseph M. Casey

General Manager
Southeastern Pennsylvania Transportation Authority
representing the American Public Transportation Association

Mr. Brad Penrod

Director and CEO
Allegheny County Airport Authority
representing the Airports Council International - North America

Mr. John Keating

President and Chief Operating Officer
Oldcastle Materials Group East
representing the American Road & Transportation Builders Association