



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

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**Chairman**

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**Ranking Republican Member**

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July 30, 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: 160-Day Progress Report for Transportation and Infrastructure Programs”

**PURPOSE OF HEARING**

The Committee on Transportation and Infrastructure will meet on Friday, July 31, 2009, at 10:00 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 primarily address implementation efforts in non-transportation programs under the Committee’s jurisdiction, including environmental, inland waterways, and public buildings infrastructure. The hearing will also address implementation of the highway program.

**BACKGROUND**

**State of the Economy**

According to the Bureau of Labor Statistics (BLS), as of June 2009,<sup>1</sup> there were 14.7 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 25.9 million.

The unemployment rate in June 2009 was 9.5 percent – the highest it has been in 26 years. When part-time and discouraged workers who want full-time jobs are included, the unemployment rate was 16.5 percent.

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<sup>1</sup> The latest month for which data is available.

The National Bureau of Economic Research has determined that the current recession began in December 2007. At 19 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 June 2009, the number of unemployed persons has increased by 7.2 million.

The construction sector has been particularly hard-hit. It has lost 1,283,000 jobs since the recession began in December 2007. The unemployment rate in construction was 17.4 percent in June 2009 – up 9.2 points since June 2008. This is the highest unemployment rate of any industrial sector. As of June 2009, there were 1,601,000 unemployed construction workers in the nation – that is 816,000 more unemployed construction workers than in June 2008, and 1,001,000 more than in June 2007.

Within the overall construction sector, seasonally adjusted employment in heavy and civil engineering construction<sup>2</sup> has fallen by 144,700 since the recession began in December 2007. Heavy and civil engineering construction employment is now the lowest it has been since April 1998.

Moreover, after workers have lost their jobs, they have had more trouble finding new jobs. As of June 2009, the average length of unemployment was 24.5 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 4.4 million, compared to 1.3 million in December 2007. One-half of the unemployed have been out of work for more than 17.9 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 along with State and local governments 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 infrastructure investment needs.

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<sup>2</sup> 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 \$27.5 billion for highways and bridges. The Act also provides approximately \$16 billion of non-transportation investment for programs within the jurisdiction of the Committee on Transportation and Infrastructure, including:

- \$5.26 billion for environmental infrastructure;
- \$4.6 billion for the U.S. Army Corps of Engineers;
- \$5.575 billion for Federal buildings;
- \$150 million for the Economic Development Administration;
- \$210 million for emergency management; and
- \$240 million for the U.S. Coast Guard.

### **I. Implementation Highlights of Non-Transportation and Highway Investment**

#### **Environmental Protection Agency**

- Of the \$4 billion in Recovery Act funds provided for the Clean Water State Revolving Fund, the Environmental Protection Agency (EPA) has awarded \$3.35 billion in capitalization grants to States, representing approximately 83 percent of the total apportionment, as of July 28, 2009. Nineteen States have put out to bid 195 projects totaling \$512 million, as of June 30, 2009. These funds are assisting in the construction, rehabilitation, and modernization of the nation's wastewater infrastructure.
- Since April 2009, EPA has issued four guidance documents to further clarify the implementation of the Buy American provisions the Recovery Act, and to provide nationwide waivers of its application to certain categories of projects. For more information, please see pages 30-31 of the attached report.
- On April 15, 2009, EPA announced its distribution of \$600 million in new Superfund cleanup funding through the Recovery Act. EPA is using these funds to initiate new construction or accelerate ongoing cleanup activities at Superfund sites, boosting local economies and protecting public health and the environment. Of the \$600 million apportioned for Superfund cleanup, EPA has moved \$409 million into existing contracts for 33 projects in 22 States, as of July 15, 2009. This represents 68 percent of the total apportionment for Superfund cleanup.
- As of July 15, 2009, of the \$100 million provided to the Brownfields program, EPA has awarded grants or moved funds into existing contracts or grants for 21 projects (totaling \$11 million).

## **General Services Administration**

- On March 31, 2009, the General Services Administration (GSA) released a plan detailing how it will spend the \$5.55 billion provided to GSA, including \$4.5 billion to convert Federal buildings to high-performance green buildings, \$750 million for repair, alteration, and construction of Federal buildings and U.S. courthouses (of which \$450 million is for a new headquarters for the Department of Homeland Security), and \$300 million for border stations and land ports of entry.
- GSA selected the best projects for accomplishing the goals of the Recovery Act based on two over-arching criteria: the ability of the project to put people back to work quickly; and transforming Federal buildings into high-performance green buildings.
- As of July 10, 2009, GSA has awarded contracts worth \$325 million in Federal Buildings Recovery Act funds for 85 projects. GSA has announced plans to use Recovery Act funds for 508 projects.

## **U.S. Corps of Engineers**

- On April 28, 2009, the U.S. Corps of Engineers (Corps) posted its lists of Civil Works work packages funded by the Recovery Act. The Corps selected and Office of Management and Budget (OMB) approved approximately 178 Construction work packages, 892 Operation and Maintenance work packages, 45 Mississippi River and Tributaries work packages, nine Formerly Utilized Remedial Action Program work packages, and 67 Investigations studies and work packages. Selected projects are geographically distributed across the United States to provide the nation with inland and coastal navigation, environmental, flood risk management, hydropower, and recreation improvements.
- As of July 1, 2009, the Corps has committed funds for 72 projects (totaling \$226 million) for its Construction program, 427 projects (totaling \$231 million) for its Operation and Maintenance program, 29 projects (totaling \$34 million) for its Mississippi River and Tributaries program, three projects (totaling \$40 million) for its Formerly Utilized Remedial Action Program, 20 projects (totaling \$2.8 million) for its Investigations program, and three projects (totaling \$1.1 million) for its Regulatory Program.
- In total, as of July 17, 2009, the Corps has committed \$693.7 million in funds, representing 15 percent of the total amount of Recovery Act funds provided to the Corps. Small businesses account for 73 percent of the total number of contract actions and 35 percent of the total dollar amount obligated.

## **Federal Emergency Management Agency**

- On May 29, 2009, the Federal Emergency Management Agency (FEMA) released guidance for the \$210 million Firefighter Assistance Grants program. The program is aimed at creating and saving jobs in recession-hit areas and achieving firefighter

safety and improved response capability and capacity based on need. Non-Federal Fire Departments and State and local governments that fund/operate fire departments are eligible for these grants. Program guidance limits funds for each project within a grant application to \$5 million.

- Applications for grants were due to FEMA by July 10, 2009. FEMA expects to award between 60 and 80 grants and will make these awards in September through December 2009.

### **U.S. Coast Guard**

- Of the \$98 million provided for the Acquisition, Construction, and Improvements program, the U.S. Coast Guard has entered a binding agreement to spend \$459,000 for the 378-foot High Endurance Cutter project, as of July 17, 2009. The Coast Guard has also entered a binding agreement to spend \$7 million for its Sycamore Cordova Housing project in Cordova, Alaska.
- The Recovery Act provided \$142 million for the Alteration of Bridges program. The Coast Guard has completed bid documents, advertised bid solicitations, and held pre-bid meetings for three bridge alteration projects: the Mobile Bridge project over the Mobile River in Hurricane, Alabama; the Burlington Bridge project over the Mississippi River, Iowa; and the Elgin, Joliet, and Eastern Railway Co. Bridge project over the Illinois Waterway in Divine, Illinois.

### **Federal Highway Administration**

- Of the \$27.5 billion provided for highways and bridges, all 50 States, four Territories, and the District of Columbia have submitted to and received approval from the Federal Highway Administration (FHWA) for 5,808 projects totaling \$17 billion, 62 percent of the Recovery Act highway funds, as of July 17, 2009.<sup>3</sup>
- All States met the Recovery Act requirement that at least one-half of all highway funds apportioned to States be obligated within 120 days (June 30, 2009) of the date of apportionment.

For additional information, see the attached report entitled *The American Recovery and Reinvestment Act of 2009, Transportation and Infrastructure Provisions Implementation Status as of July 17, 2009*.

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<sup>3</sup> This project total includes Federal-aid Highway formula investments and roads on Federal and Indian lands (total allocation: \$27.4 billion). This total does not include the Ferry Boat capital grants program, On-the-Job training, and Disadvantaged Business Enterprise bonding assistance (total allocation: \$100 million).

## II. Additional Transparency and Accountability Information

### Project Data

The Committee 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 July 17, 2009.

Of the \$64.1 billion provided for both transportation and non-transportation programs under the Recovery Act, Federal agencies, States, Metropolitan Planning Organizations, and public transit agencies have announced 9,356 projects, totaling \$30.5 billion.

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 July 17, 2009)". The list may be searched by State, Congressional District, Federal agency, or program.

### Highway and Transit Data

According to the latest submissions by States, Metropolitan Planning Organizations, and public transit agencies, as of June 30, 2009:

- 5,079 highway and transit projects in all 50 States, four Territories, and the District of Columbia have been put out to bid, totaling \$16.7 billion. This represents 49 percent of the total available formula funds for highway and transit projects;
- 50 States, one Territory, and the District of Columbia have signed contracts for 3,553 highway and transit projects totaling \$10.6 billion, representing 31 percent of the total available formula funds;
- Work has begun on 2,522 projects in 50 States, one Territory, and the District of Columbia totaling \$7.7 billion, an increase of 75 percent in just the 30 days since the previous reporting deadline;
- These 2,522 highway and transit projects have created or sustained more than 48,000 direct, on-project jobs. 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;"<sup>4</sup> and
- These projects have also created or sustained tens of thousands of indirect and induced jobs, including jobs at companies that produce construction materials such as steel, and manufacture equipment including new transit buses.

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<sup>4</sup> DOT TIGER, "Frequently Asked Questions" about Recipient Reporting: Section 1201(c) of the ARRA, <https://arrareporting.dot.gov/FAQ.cfm#q16>.

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 [Recovery Act] 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.<sup>5</sup>

For additional information by State and formula program, visit the Transparency and Accountability section of the Committee's website and click on "Transparency and Accountability Information by State and Program (Data Reported as of June 30, 2009)".

### **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.

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<sup>5</sup> *Id.*

**WITNESSES**

**The Honorable W. Ross Ashley**  
Assistant Administrator, Grant Programs  
Federal Emergency Management Agency

**Mr. Anthony E. Costa**  
Acting Commissioner, Public Buildings Service  
General Services Administration

**Mr. Craig E. Hooks**  
Acting Assistant Administrator for Administration and Resources Management  
Environmental Protection Agency

**Mr. Martin J. Rajk**  
Deputy Assistant Commandant for Resources and Deputy Chief Financial Officer  
U.S. Coast Guard

**Mr. Terrence C. Salt**  
Acting Assistant Secretary of the Army (Civil Works)  
U.S. Army Corps of Engineers

**Ms. Katherine A. Siggerud**  
Managing Director, Physical Infrastructure Issues  
U.S. Government Accountability Office