

**STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON “RECOVERY ACT: 160-DAY PROGRESS REPORT FOR
TRANSPORTATION AND INFRASTRUCTURE PROGRAMS”
JULY 31, 2009**

The transportation and infrastructure investments of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) (Recovery Act), have already begun to play a key role in putting Americans back to work. Federal agencies, States, and their local partners have demonstrated they can deliver transportation and infrastructure projects and create urgently needed employment in the tight timeframes set forth in the Recovery Act. These projects have already resulted in tens of thousands of workers getting off the bench and back on the job.

I am pleased to report that, as of June 30, 2009, nearly 50 percent of the total available formula funds for highway and transit projects have been put out to bid. Approximately 31 percent of these formula funds are under contract and 22 percent are associated with projects underway.

Monitoring the percentage of allocated funds associated with projects out to bid, under contract, and underway helps us measure the Recovery Act’s progress. Critics of the Recovery Act focus exclusively on the amount of outlays of Federal transportation funds. This approach does not provide a good sense of Recovery Act progress because transportation projects primarily operate on a reimbursement mode. For example, States seek reimbursement for highway projects after construction is underway. Federal outlays, therefore, come months after jobs are created and necessary infrastructure projects have begun. Knowing how many funds are associated with projects out to bid, under contract, and underway better captures the extent to which Recovery Act funds have arrived on Main Street.

However, there is much work left to be done. As of June 2009, construction unemployment was 1,601,000 – that’s 1,001,000 lost construction jobs since the recession began in December 2007. And, while I am encouraged by what Federal, State, and local governments have already accomplished, more must be done.

Against this backdrop, I scheduled this oversight hearing to hear from Federal officials who are implementing programs receiving funding under the Recovery Act. This hearing will focus primarily on the non-transportation programs under the Committee’s jurisdiction, including environmental, inland waters, and public building infrastructure. I have also invited the Government Accountability Office (GAO) to testify about its oversight of the highways and bridges program.

To provide additional insight into what progress has been made to date, I would like to share the results of the vigorous oversight that the Committee has already conducted. Just ten days after the Recovery Act was signed into law, the Committee

requested transparency and accountability information directly from States, metropolitan planning organizations (MPOs), and public transit agencies. Since then, recipients have reported regularly to the Committee.

According to the most recent submissions received by the Committee, as of June 30, 2009, a total of 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. That's almost 50 percent of the total available formula funds for highway and transit projects.

Of these 5,079 projects that have been put out to bid, 3,553 highway and transit projects in 50 States, Puerto Rico, and the District of Columbia are already under contract. These projects under contract total \$10.6 billion.

Work has begun on 2,552 projects in 50 States 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 2,552 highway and transit projects underway have resulted in over 48,000 direct, on-project jobs. Direct, on-project jobs include workers employed to repair or build a new facility or maintain on-site equipment.

However, these direct, on-project job totals only tell part of the story. These projects have also resulted in thousands of indirect and induced jobs. Indirect jobs include jobs created at companies that produce construction materials such as steel, and manufacture equipment such as new transit buses. Induced jobs include employees at restaurants who serve lunch to employees working on job sites. When you combine the direct, on-project jobs with all the jobs that are created down the supply chain, the tally of jobs is much higher.

The Committee also requested that all Federal agencies implementing programs that receive Recovery Act funds under the Committee's jurisdiction provide a table of specific Recovery Act projects. As of July 17, 2009, Federal agencies under the Committee's jurisdiction have announced 9,356 transportation and non-transportation projects totaling \$30.5 billion. Funds have been obligated for 8,276 projects totaling \$24 billion. Within this total, State Departments of Transportation have obligated funds for 5,777 highway projects worth \$16.9 billion, 63 percent of the total highway formula funds.

This transparency and accountability information speaks for itself: Federal agencies, States, and their local partners are putting Americans back to work in family-wage, construction jobs all across the nation.

The Act further requires that at least one-half of all highway funds apportioned to States be obligated within 120 days (June 30, 2009) after the date of apportionment. I am pleased to report that all States met this requirement.

The success of meeting this “use it or lose it” provision should send a clear message to all Federal, State, and local governments implementing Recovery Act projects: you can quickly deliver transportation projects, put shovels into the ground, and in doing so improve our nation’s infrastructure and lift our economy out of recession.

Throughout development of the Recovery Act, I emphasized the importance of transparency and accountability and ensured that the transportation and infrastructure provisions would be subject to the most rigorous transparency and accountability requirements of the Act. I am pleased that the Obama Administration adopted many of these ideas, not just for transportation, but for all programs funded under the Act.

I also promised that the Committee would vigorously oversee implementation of the Recovery Act. The Committee will continue to require periodic direct reporting to the Committee by recipients of transportation and infrastructure funds under the Recovery Act as well as Federal agencies implementing Recovery Act programs under the Committee’s jurisdiction, to ensure that the funds are invested quickly, efficiently, and in harmony with the job-creating purposes of the Act. In addition, the Committee will continue to hold public hearings to examine the successes and challenges under the Act.

While much work remains, I am pleased with the progress that has been made in the first 160 days since enactment of the Recovery Act. I look forward to hearing the testimony of today’s witnesses and discussing what is being done to ensure that Recovery Act funds will continue to create good, family-wage jobs as quickly as possible, while at the same time improving our deteriorating infrastructure and laying the foundation for future economic growth.

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