

THE ROAD TO
RECOVERY:
ANALYSIS OF THE AMERICAN
RECOVERY AND REINVESTMENT ACT
TRANSPORTATION FUNDS IN OHIO

A REPORT FROM
POLICY MATTERS OHIO

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DECEMBER 2009

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ACKNOWLEDGEMENTS

This report has been improved by the input of Ohio's metropolitan planning organizations. We want to thank the following individuals for their time and counsel: Howard R. Maier, John Hosek and Adiyana Sharaq-Eldin of the Northeast Ohio Area Coordinating Agency (NOACA); Chester R. Jourdan, Jr., Robert Lawler, Nicholas T. Gill and Laura Koprowski of the Mid Ohio Regional Planning Commission (MORPC); Jason A. Segedy of the Akron Metropolitan Area Transportation Study (AMATS); John R. Getchey of Eastgate Council of Governments; Warren Henry and Kent Graham of the Toledo Metropolitan Area Council of Governments (TMACOG); Ana Ramariz of the Miami Valley Regional Planning Commission (MVRPC); Robert Nau of the Stark County Area Transportation Study (SCATS); Mark Policinski of the Ohio Kentucky Indiana Regional Council of Governments (OKI) and Kevin L. Futryk of Goernment Advantage Group, LLP.

Thanks to Joseph Gabbard and Nate Hopkins, who carefully reviewed an unbearable number of data points and became familiar with construction projects around the state. Special thanks to Eric Sundquist of the Center for Wisconsin Strategy, Kimberly Gibson of the Edison Welding Institute and Scott Bernstein of the Center for Neighborhood Technology for their review(s).

POLICY MATTERS OHIO, the publisher of this study, is a nonprofit, nonpartisan policy institute dedicated to researching an economy that works for Ohio. Policy Matters seeks to broaden debate about economic policy by doing research on issues that matter to working people and their families. With better information, we can achieve more just and efficient economic policy. Areas of inquiry for Policy Matters include work, wages, education, housing, energy, tax and budget policy, and economic development.

Executive Summary

The investment of public funds from the American Recovery and Reinvestment Act (ARRA) of 2009 has stabilized the economy and created jobs across Ohio and the nation. The intent of the federal stimulus includes assisting those most impacted by the recession; creating jobs; and repairing and upgrading the nation's infrastructure. One of the largest job creation components of the ARRA is funding for transportation and infrastructure. In this category, 79 percent of Ohio's ARRA allocation will be distributed through three major programs: state funding for road, rail and bridges (\$774 million), Metropolitan Planning Organization funding for road, rail and bridges (\$161.5 million), and public transit spending (\$155 million). In this analysis, we reviewed distribution patterns in these programs to address three questions:

- 1) In a year of severe shortfall in state and local revenues, was stimulus funding used to plug funding holes, or to specifically help distressed local economies?
- 2) Were federal stimulus resources invested in Ohio's largest cities, three of which are among the nation's poorest places? Or were they invested in smaller cities, suburban communities in urban counties, or more distant communities beyond the urban counties?
- 3) Did Ohio use these flexible transportation funds to maximize job creation, using evidence that some investment creates more jobs than others?

Cumulatively, distribution of ARRA transportation funds in Ohio did target economic distress. Funds did not plug budget holes; projects were not taken from the standing list. This appears to be true at both the state and local levels. Thirty-three percent of the distribution from the three programs examined went to the most distressed counties, where about sixteen percent of the population lives. Within distressed counties, of course, there are both wealthy and poor communities, so more sub-county targeting and analysis is needed.

There was variation at the state and local levels with regard to investment in cities. The State distributed a third of its total funds in the ten largest cities ("primary cities"), home to 21 percent of Ohioans and where the average distress indicator of 35 (poverty plus unemployment rates) towers above the state average of 24.

Local area distribution through the eight urban Metropolitan Planning Organizations (MPOs) varied by region. The composite profile indicates that statewide 27 percent of locally distributed funds went to primary cities; which is roughly proportionate to the share of population within these districts that live within the primary cities (29 percent). Forty-eight percent was invested in suburban communities in urban counties; these places have an average distress indicator of 24. About 25 percent went to counties beyond the suburbs, where the composite distress indicator is 17.

Compared to the average state, Ohio devoted over three times as much of its ARRA funding to construction of new highway miles. Other choices prioritizing the pressing needs of repair and public transit, for example, could have optimized job creation

potential of funds. Other key findings include:

- No region was left out of the distribution of transportation stimulus funds. Some regions have healthier economies than others, but none were left out of the distribution of federal stimulus money for transportation.
- Overall, Ohio prioritized federal stimulus transportation spending in the most economically distressed areas in rural and urban places, and on a county and sub-county basis, when all funding stream analyzed are considered, state and local.
- The state will provide more funding for capacity expansion than is typical for the nation: The \$150 million Nelsonville Bypass project in rural Athens and Hocking counties pushed the share of new highway miles funded by ARRA dollars in Ohio up to 22 percent, compared with a national average of 16 percent.
- Ohio will still provide a lot of money for repair of existing roads and bridges: Forty-six bridges will be replaced or repaired and 121 roads will be repaired and, in a minority of cases (17 instances), widened. About 62 percent of the state's ARRA transportation funds goes to repair, capacity expansion, or replacement.

Recommendations:

1. Institutionalize the state's targeting of investment for economic recovery:

State distribution of ARRA highway funds has built internal capacity around understanding the kinds of projects and places where public investment can stimulate economic recovery. This needs to be incorporated into the routine decision-making.

2. Facilitate development of more core city projects: Special funding for front-end planning and engineering work could help cities focus on urban transportation projects. More time-to-completion would facilitate selection of complex urban projects.

3. Provide clearer guidance on targeting at a sub-county level. A focus on sub-county economic distress could be facilitated through mandate or earmarked revenue streams.

4. Maximize job creation through transportation funding with investments in public transit, repair and maintenance. Minimize new build. Ohio's population is barely growing – we should reinvest in developed areas needing repair, rather than taxing the environment and our resources by building new roads or widening roads, which will then need to be maintained without a fast-growing tax or population base.

The Road to Recovery:

Analysis of the American Recovery and Reinvestment Act Transportation Funds in Ohio

The American Recovery and Reinvestment Act of 2009 (ARRA), a \$787 billion package, was passed into law in early 2009 to stimulate the lagging economy. Although driven by collapse of the financial system and the worst economy since the Great Depression, the passage of this measure to create jobs, stabilize state and local budgets and maintain households demonstrates a remarkable shift in policy direction. The recovery act was essential to prevent a more severe economic crisis, and it also offered an opportunity to invest in essentials that had been neglected. The act was accompanied by unprecedented levels of transparency and accountability, which enables supporters, critics and neutral observers to scrutinize stimulus spending at a level not usually possible with public spending programs.

This report analyzes the most obvious target of stimulus spending: funds for transportation and highways. Highway construction is an important sector, with substantial numbers of living wage jobs and flexibility of location. Along with basic safety net programs of Medicaid and unemployment compensation, the highway dollars were one of the first funding sources rolled out to bring about recovery.

Transportation dollars create jobs and other benefits, but can entail some dangers as well. The investment of public dollars in infrastructure can boost the value of property and open opportunities for long-term job creation and economic development. But does the new development accrue to areas with economic need, or to growth at the urban fringes, which pulls wealth, people and commerce out of core cities, leaving economic distress behind? Different types of transportation spending create different numbers of jobs per dollar spent. For example, roadway repair is more labor intensive than construction of new roads. New roads will require ongoing maintenance. The federal stimulus funds were remarkably flexible; the question becomes, are they being used in ways that make sense long term and that maximize job creation, poverty relief, economic stimulus, infrastructure stability, and equity?

The focus of this analysis is on how well Ohio's state and local officials were able to respond in a very narrow window of opportunity to not only find projects that could quickly support jobs, but that invested in places with the deepest and most pressing economic need, caused no economic harm, and maximized job creation.

Section I: Background on the Federal Stimulus

On February 17, 2009, President Barack Obama signed the into law the American Recovery and Reinvestment Act of 2009: "An Act making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes." The stated purposes included the following five key points:

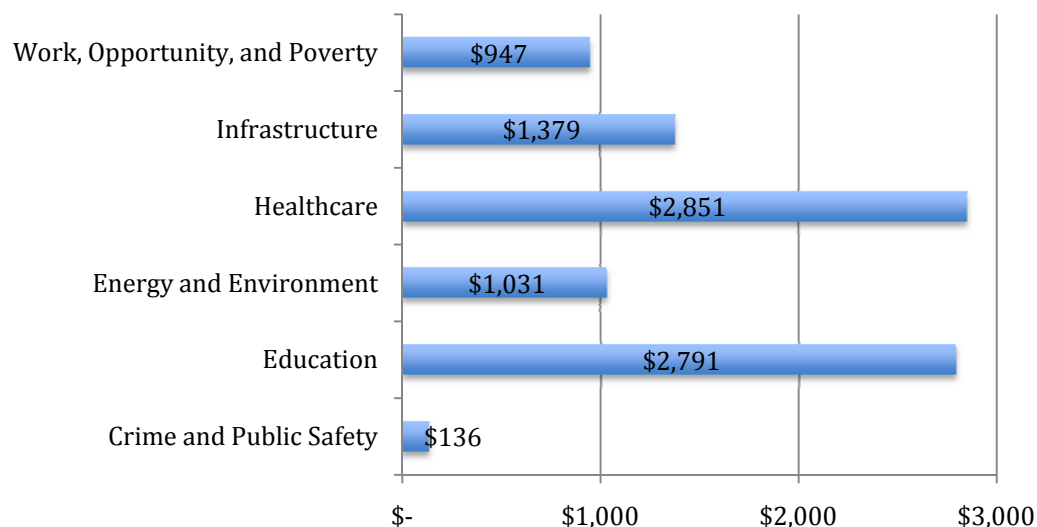
1. To preserve and create jobs and promote economic recovery.
2. To assist those most impacted by the recession.

3. To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
4. To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
5. To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

It is important to remember how economic stimulus works. The stimulus was designed to pump resources into the economy, creating initial jobs in the form of the construction workers laying cement or the teachers *not* laid-off in cash-strapped school districts. But the spending has benefits far beyond the worker whose paycheck comes directly from the Recovery Act. That teacher or construction worker pays rent or a mortgage, buys groceries and household goods, and sometimes gets a new car or furniture, all of which support retail, manufacturing, agriculture and the service sector. Where and how the initial dollars are spent is important, and that is what this paper describes, but the larger picture is worth understanding as well.

The Ohio Recovery website, at <http://recovery.ohio.gov/>, provides a breakdown of resources the Federal Stimulus will send to Ohio, which can be seen in Figure 1. This category included funding ranging from national guard and defense facilities, rural community facilities and historic preservation to transportation uses of various kinds: maritime, airport, public transit, highways and roads, and more. The largest components were for transportation uses.

Figure 1: Federal Stimulus Funding by Broad Category in Ohio



Source: State of Ohio Recovery Website at <http://recovery.ohio.gov/>

According to the website of States for a Transparent and Accountable Recovery (STAR), at <http://accountablerecovery.org/transportation>, approximately \$48 billion of

the \$787 billion package was appropriated by the Recovery Act for transportation.¹ This appropriation, with its focus on highways, transit and high-speed rail, accounts for one of the largest pots of money in the ARRA. It is broken into the following programmatic and funding categories:

- Highways: The largest portion of transportation funding is for highway projects. The Act provides \$27.5 billion for road restoration, repair and construction through the Federal Highway Administration. This is apportioned among states by formula, but states must prioritize projects that can be completed in three years. If a state does not meet spending timelines, it risks losing portions of the money.
- Transit: The ARRA appropriates \$6.8 billion for the Federal Transit Administration to apportion to states by formula for public transit capital assistance. There is an additional \$100 million for discretionary grants to public transit agencies for projects that reduce energy consumption or greenhouse gas emissions. There are also deadlines for the use of the transit money.
- Rail: \$8 billion for discretionary grants to states for capital assistance on high-speed rail corridors and intercity passenger rail service. Another \$1.3 billion is provided in grants to Amtrak for use in repair, rehabilitation and upgrade of its rail assets.
- Airports: \$1.1 billion for the Transportation Department to use in making discretionary grants to airports for infrastructure improvements.
- Other Grants: The final \$3 billion will be allocated through two discretionary grant programs:
 - \$1.5 billion in discretionary National Surface Transportation System grants will be awarded by the Department of Transportation on a competitive basis to state and local governments or transit agencies.
 - Another \$1.5 billion is available for infrastructure investments for fixed guideway systems (any transit service that uses exclusive or controlled rights of way).

According to STAR, two geographic dimensions are generating competition over ARRA transportation funding. The first competition is between urban and rural areas. Densely populated urban areas, with high poverty, significant and aging infrastructure and diminished local revenue bases, compete with rural and suburban areas for these federal funds. Mayors of large cities have argued that they are being shortchanged by the allocation process. STAR provides three reasons why state Departments of Transportation are typically not equipped to address the needs of cities:

¹ This section is taken from the STAR website at <http://accountablerecovery.org/transportation>. Policy Matters Ohio is a member of the STAR coalition and Director Amy Hanauer is on the steering committee.

- State Departments of Transportation see their role as builders of state highways, which connect cities, not as builders of infrastructure within cities. Local Metropolitan Planning Organizations (MPOs) and Public Transit Authorities are seen as addressing the needs of cities through separate funding streams and distribution processes.
- State Departments of Transportation (DOTs) typically build and repair highways. They are far less inclined (and less equipped) to fund public transit and alternative transportation projects used more commonly in urban areas.
- States make funding decisions with the assumption that urban metropolitan areas will receive funding through separate streams of the ARRA through the MPOs – bypassing state government - because 30 percent of ARRA funds provided to DOTs for surface transportation must be sub-allocated to local government.

According to the Ohio recovery website, www.recovery.ohio.gov, Ohio received \$1,379 billion in infrastructure and transportation funding under the federal stimulus. The allocations were diverse, but the funding was concentrated in three programs that accounted for 79 percent of the category total:²

- Transportation – State Allocation for Roads, Bridges & Rails - \$774,000,000
- Transportation – MPO Sub-allocation for Roads, Rail and Bridges - \$161,500,000
- Public Transit - \$179,800,000

We examined funding for these programs through three lenses:

- One analysis examines share of funding provided to Ohio counties ranked and grouped by an index of economic distress. The stimulus was enacted to end the recession and revive the economy. Ohio has counties where unemployment rates have doubled in a year's time. The stimulus was designed to prevent free fall of families, communities and states. How well did state and local officials respond to the opportunity? To gauge need, we added unemployment and poverty rates together to create an economic distress index. We divided the state's counties into quartiles and analyzed share of funding provided by level of need.
- The second analysis explores whether funding addressed the needs of Ohio cities. We focus on aid to cities because Ohio has unusual urban needs, hosting three of the ten poorest cities in the nation. As in all states, Ohio's fastest growth occurs on the edges of cities, attracting people, commerce, jobs and economic activity from the urban core, sometimes deepening the economic problems left behind. Our question was this: Did the federal stimulus target Ohio's largest cities with investment, or did it direct more investment outside of core cities, in suburbs, or more distant areas?

² Source: http://www.recovery.ohio.gov/docs/charts/OhioARRA_Data_Chart_091709.pdf

- In the third analysis we looked at the type of projects funded in Ohio to determine whether the flexibility in use of funds was maximized for job creation. University of Massachusetts professor Robert Pollin estimates that 16 percent more jobs are created by funding to highway repair rather than to building of new highways and that 31 percent more jobs are created by a dollar spent on public transit as opposed to a dollar spent on new highway construction.³ We looked to see how Ohio's project selection at both the state and local level compared with national averages.

To answer these questions, we needed to start with an understanding of the selection criteria imposed by the federal government in distribution of these funds, and selection criteria of the state and local entities.

Selection of highway projects under ARRA was directed in part by federal mandates. The April 1, 2009 guidance of the Federal Highway Administration emphasized project readiness, so as to quickly create jobs and stimulate the economy. The four key mandates included:

- Three-year completion priority - Priority shall be given to projects/activities that are projected for completion by February 17, 2012.
- Economically Distressed Areas - Priority shall be given to projects that are located in economically distressed areas as defined by section 301 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3161).
- Expeditious project delivery - Preference shall be given to projects/activities that can be started and completed expeditiously including a goal of obligating at least 50% of the funds not later than June 17, 2009.
- Maximizing job creation and economic benefit - Recipients shall also use funds in a manner that maximizes job creation and economic benefit.⁴

The Ohio Department of Transportation received 4,600 project applications for the \$774 million in federal stimulus dollars under state distribution. State officials used five criteria as filters in reviewing these applications and winnowing them down to 199 selections.⁵

- Is the project shovel ready?
- Is the project targeted to a distressed area?
- Does the project maintain or improve capacity of a significant transportation asset?
- Does the project enhance multi-modal transportation opportunities?

³ James Heintz, Robert Pollin and Heidi Peltier, How Infrastructure Investments Support the US Economy, 01/09, at http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/green_economics/PERI_Infrastructure_Investments_p.27

⁴ US Department of Transportation, Federal Hwy Admin, ARRA Implementation Guidance, April 2009 at <http://www.fhwa.dot.gov/economicrecovery/guidance.htm>

⁵ Interview with ODOT Assistant Director Steve Campbell on September 16, 2009.

- Does the project have direct potential for encouraging job creation and economic development at the site?

The Metropolitan Planning Organizations selected their projects for the \$161 million allocated for local projects. All prioritized federal guidelines (“Title 23” mandates and requirements, which affect location and timing of projects). Across the board, all made sure projects selected were shovel-ready and could be completed within the narrow time frame stipulated by the act. Beyond that, there was variation in approach. One MPO, the Toledo Metropolitan Area Council of Governments (“TMACOG”) mirrored the state closely in selection criteria.

The public transit agencies applied for funding for capital improvements based on their 4-year plans: according to the state, all requests were funded.⁶

Section II: Targeting Stimulus Funds to Economic Need

To examine how well Ohio met the federal challenge of targeting stimulus dollars to economic need, we reviewed ARRA transportation spending by type of program and county on the state’s recovery website.⁷ We reviewed the three major transportation programs, which provided about 79 percent of the funding the state will receive for infrastructure and transportation.

All counties except for one will receive transportation dollars under one or more of the three programs analyzed here. However, several counties (Auglaize, Paulding and Van Wert, for example) will share funding from one or more projects that are not broken out by county. Where we could, we assigned multi-county projects to a particular county based on identification of a focus community; for example, the \$150 million Nelsonville Bypass is assigned to Athens County, because Nelsonville is the identified community and Nelsonville is in Athens County. Multi-county projects that we could not identify by community were excluded from analysis.⁸

We ranked counties by economic distress and grouped them into quartiles based on unemployment and poverty rates. We looked at the quartiles in terms of share of state population compared with share of ARRA funding to determine how well the obligations addressed economic distress. Given the federal mandate that the states direct the stimulus funds to areas of high economic need, we expected to see disproportionate funding directed to counties with high distress indicators.

We found that distressed counties were prioritized by distribution of ARRA transportation funds in Ohio (Figure 2), although spending patterns varied among the

⁶ Interview with ODOT Transit Administrator Marianne Freed on October 28, 2009

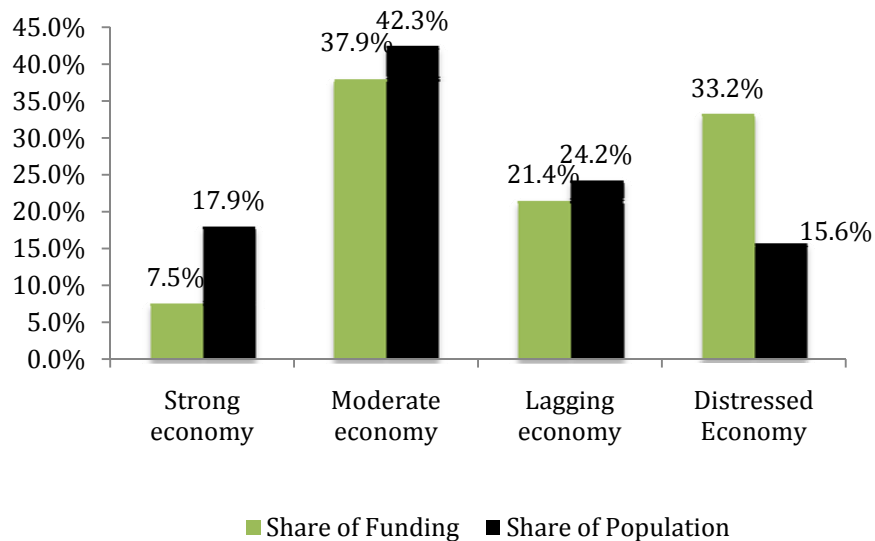
⁷ <http://recovery.ohio.gov/accountability/counties/>

⁸ New projects are posted to the ODOT and state recovery website; projects are changed, and over time, some projects may be removed. Some of the project descriptions differentiate between ARRA funds and all funds in a project; others do not. We looked at the website data for each project: State, MPO and public transit, and at the attached data describing each project, to come up with a location, total project number, and project type.

three programs analyzed. That said, it is also clear that targeting economic distress requires focus on a sub-county level that is not always possible. Ohio's poorest cities and neighborhoods often are in the same county as Ohio's wealthiest communities and overall county economic indicators cannot capture that distinction.

In the next section we look closely at outcomes across programs. We then focus on funding patterns within the individual programs.

Figure 2: Share of Funding Compared with Share of Population, by Ohio Counties Grouped by Economic Condition



Source: Policy Matters Ohio based on Ohio Recovery county data published in October 2009, ODJFS/LMI (September 2009) and American Community Survey (ACS) data. ACS poverty data from 2008 is available except for counties under 20,000; 2007 ACS poverty rates were used for those counties. Unemployment rates were based on September figures.

The top quartile: Ohio counties with Relatively Strong Economies

The quartile of Ohio counties with the best economies are home to 17.9 percent of Ohio's people. These counties will see about 7.5 percent of the federal transit and transportation stimulus investment. The per-capita ARRA transportation obligation of \$34.88 compares to a state per capita average of \$84. The average distress indicator of these 22 counties is 16.7, which is 70% of the state average of 23.7. In other words, on average, the residents of this quartile of counties are about 30 percent better off than the state average in terms of poverty and unemployment. None of the state's largest cities fall into this quartile, but most of these counties are adjacent to large cities, located where development on the urban fringes may pull commerce and wealth out of core cities. Table 1 provides details on these counties.

Table 1: Transportation Stimulus Funding to Counties with Strong Economies

County	Distress Indicator	Transportation Stimulus Funding	Population	Per Capita Funding	Share of Funding	Share of Population
Ottawa	19.7	\$4,931,000	40,823	\$120.79	0.51%	0.36%
Henry	19.6	\$400,000	28,841	\$13.87	0.04%	0.25%
Darke	19.4	\$2,183,000	52,027	\$41.96	0.23%	0.45%
Licking	19.3	\$10,103,000	157,721	\$64.06	1.05%	1.37%
Preble	19.0	\$2,298,000	41,643	\$55.18	0.24%	0.36%
Wayne	18.7	\$4,954,000	113,812	\$43.53	0.52%	0.99%
Miami	18.7	\$5,026,000	101,085	\$49.72	0.52%	0.88%
Wyandot	18.4	\$500,000	22,354	\$22.37	0.05%	0.19%
Clermont	18.1	\$4,048,000	195,385	\$20.72	0.42%	1.70%
Madison	18.1	\$450,000	41,861	\$10.75	0.05%	0.36%
Morrow	17.5	\$85,000	34,455	\$2.47	0.01%	0.30%
Auglaize**	17.0	\$-	46,576	\$-	0.00%	0.41%
Fairfield	16.8	\$874,000	142,223	\$6.15	0.09%	1.24%
Putnam	16.4	\$1,050,000	34,543	\$30.40	0.11%	0.30%
Mercer	15.7	\$255,000	40,818	\$6.25	0.03%	0.36%
Lake	15.4	\$11,963,000	234,030	\$51.12	1.25%	2.04%
Holmes	14.7	\$300,000	41,445	\$7.24	0.03%	0.36%
Warren	14.7	\$923,000	207,353	\$4.45	0.10%	1.81%
Medina	13.6	\$9,774,000	171,210	\$57.09	1.02%	1.49%
Union	13.5	\$1,377,000	48,223	\$28.55	0.14%	0.42%
Geauga	13.4	\$4,704,000	94,753	\$49.64	0.49%	0.82%
Delaware	11.2	\$5,525,000	165,026	\$33.48	0.58%	1.44%
Total	16.77	\$71,723,000	2,056,207	\$34.88	7.47%	17.90%

** Auglaize County participated in multi-county funding for several projects

Source: Policy Matters Ohio based on State of Ohio Recovery Website project data, unemployment rates for September taken from ODJFS LMI data and poverty rates for 2008 from American Community Survey. Counties with less than 20,000 in population show poverty rates from 2007.

This quartile represents the most likely areas of growth: places connected to the economic activity of the primary cities but beyond the costs of urban decay and decline. Because these counties are more affluent than the rest of the state and the market is working well, they do not present themselves as places of economic need for concentrated stimulus spending. We see that as a whole, less of Ohio's ARRA funding was spent in these counties than in other parts of the state, which is appropriate given the goals of reducing poverty by creating jobs, maintaining or improving existing transportation assets, and assisting communities of high economic need.

Although poverty is not concentrated in these communities, every region of the state contains some smaller places of economic need. The stimulus spending means that the 2,056,207 residents of the quarter of Ohio counties with the most robust economies will receive \$71,723,000 in federal stimulus dollars for transportation.

Ohio Counties with Moderate Economies

The next quartile of Ohio counties is home to 42.32 percent of Ohioans. These 22 counties will receive 37.9 percent of the DOT distributed ARRA transportation funds. The average distress indicator is 21.59, about 10 percent better than the state average.

Table 2: Transportation Stimulus Funding in Counties of Moderate Economies

County	Distress Indicator	Transportation Stimulus Funding	Population	Per Capita	Share of Funding	Share of Population
Cuyahoga	23.6	\$142,747,000	1,283,925	\$111.18	14.87%	11.18%
Logan	23.3	\$4,134,000	46,220	\$89.44	0.43%	0.40%
Defiance	23.1	\$2,500,000	38,637	\$64.70	0.26%	0.34%
Stark	22.9	\$29,986,000	379,214	\$79.07	3.12%	3.30%
Seneca	22.8	\$3,319,000	56,461	\$58.78	0.35%	0.49%
Hamilton	22.5	\$56,903,000	851,494	\$66.83	5.93%	7.41%
Tuscarawas	22.5	\$7,812,000	91,348	\$85.52	0.81%	0.80%
Summit	22.3	\$39,955,000	542,562	\$73.64	4.16%	4.72%
Pickaway	21.8	\$10,576,000	54,544	\$193.90	1.10%	0.47%
Shelby	21.8	\$1,918,000	48,919	\$39.21	0.20%	0.43%
Lorain	21.5	\$18,770,000	304,373	\$61.67	1.95%	2.65%
Portage	21.3	\$6,869,000	155,991	\$44.03	0.72%	1.36%
Butler	21.0	\$11,558,000	360,765	\$32.04	1.20%	3.14%
Sandusky	21.0	\$3,047,000	60,637	\$50.25	0.32%	0.53%
Paulding*	20.9	\$-	19,096	\$-	0.00%	0.17%
Erie	20.8	\$1,293,000	77,062	\$16.78	0.13%	0.67%
Fulton	20.7	\$240,000	42,485	\$5.65	0.02%	0.37%
Wood	20.6	\$5,714,000	125,340	\$45.59	0.60%	1.09%
Knox	20.4	\$311,000	59,324	\$5.24	0.03%	0.52%
Hancock	20.3	\$1,852,000	74,273	\$24.94	0.19%	0.65%
Van Wert*	20.1	\$-	28,748	\$-	0.00%	0.25%
Greene	19.7	\$14,456,000	159,190	\$90.81	1.51%	1.39%
Total	21.59	\$363,960,000	4,860,608	\$74.88	37.90%	42.32%

Paulding and Van Wert Counties participated in multi-county funding

Source: Policy Matters Ohio based on State of Ohio Recovery Website project data, unemployment rates for September taken from ODJFS LMI data and poverty rates for 2008 from American Community Survey. Counties with less than 20,000 in population show poverty rates from 2007.

Five of the state's largest cities: Cleveland, Akron, Canton, Lorain and Cincinnati, fall into this quartile, boosting density. Moreover, almost half of the counties are adjacent to large cities, where economies tend to be strong. Here we start to see how analysis by county obscures economic need. The distress index used here averages 35 in Ohio's largest cities, compared with the average in this grouping of 21.6. However, the relatively better off suburban areas around a city may buoy the regional economy. For example, Cuyahoga County contains both Cleveland, one of the nation's poorest cities, and affluent suburbs like Pepper Pike, Solon and Orange. Measuring economic distress by county does not allow good targeting of economic need.

The 4,860,608 residents in these counties with moderate economies will receive \$363,960,000 in highway stimulus funds, an average of about \$75 per capita, compared with the state average of \$84.

Ohio Counties with Lagging Economies

The third quartile of Ohio counties is home to 24.19 percent of Ohioans and will receive 21.43 percent of ARRA transportation funds. The average distress indicator in this quartile is 25.36, which is seven percent higher than the state average. These counties, which include two of the state's largest cities, will receive \$74.08 per capita compared with the state average of \$84.

Table 3: Transportation Stimulus Funding to Counties of Lagging Economies

County	Distress Indicator	Transportation Stimulus Funding	Population	Per Capita	Share of Funding	Share of Population
Guernsey	27.3	\$1,604,000	40,177	\$39.92	0.17%	0.35%
Coshocton	27.0	\$2,729,000	35,981	\$75.85	0.28%	0.31%
Hardin	27.0	\$291,000	31,948	\$9.11	0.03%	0.28%
Clinton	26.5	\$10,293,000	43,200	\$238.26	1.07%	0.38%
Ross	26.3	\$8,010,000	76,073	\$105.29	0.83%	0.66%
Harrison	26.3	\$4,082,000	15,387	\$265.29	0.43%	0.13%
Montgomery	26.0	\$42,599,000	534,626	\$79.68	4.44%	4.65%
Brown	25.9	\$1,294,000	43,960	\$29.44	0.13%	0.38%
Marion	25.9	\$6,007,000	65,768	\$91.34	0.63%	0.57%
Washington	25.4	\$2,739,000	61,567	\$44.49	0.29%	0.54%
Fayette	25.3	\$294,000	28,319	\$10.38	0.03%	0.25%
Champaign	25.2	\$996,000	39,650	\$25.12	0.10%	0.35%
Crawford	25.2	\$9,630,000	43,696	\$220.39	1.00%	0.38%
Carroll	24.9	\$5,349,000	28,439	\$188.09	0.56%	0.25%
Hocking	24.7	\$1,399,000	28,975	\$48.28	0.15%	0.25%
Richland	24.3	\$4,044,000	124,999	\$32.35	0.42%	1.09%
Belmont	24.3	\$4,737,000	67,975	\$69.69	0.49%	0.59%
Clark	24.2	\$3,113,000	139,859	\$22.26	0.32%	1.22%
Allen	24.2	\$12,199,000	105,168	\$116.00	1.27%	0.92%
Williams	24.2	\$500,000	38,158	\$13.10	0.05%	0.33%
Franklin	24.0	\$83,820,000	1,129,067	\$74.24	8.73%	9.83%
Ashland	23.8	\$73,000	55,125	\$1.32	0.01%	0.48%
Total	25.36	\$205,802,000	2,778,117	\$74.08	21.43%	24.19%

Source: Policy Matters Ohio based on State of Ohio Recovery Website project data, unemployment rates for September taken from ODJFS LMI data and poverty rates for 2008 from American Community Survey. Counties with less than 20,000 in population show poverty rates from 2007.

This grouping includes only a few counties adjacent to large cities: in addition to Clark County, which borders Dayton, counties with potential for urban sprawl development include Washington County, which is adjacent to Huntington, West Virginia and Belmont, which is adjacent to Wheeling. The 2,778,117 residents of this quartile will receive \$205,802 in federal stimulus transportation dollars.

Ohio Counties with Distressed Economies

The counties in the state with the most troubled economies feature sharply higher distress indicators than other places in Ohio. For example, with a distress indicator of 31, the average economic distress in this group is almost double that of counties with the state's strongest economies. This is where the ARRA transportation funding was clearly directed. Not quite 16 percent of the state's people live in these counties, but these places will receive 33 percent of ARRA transportation funding. The average per capita spending of \$178 is more than double the state average of \$84 for the projects we considered here.

Table 4: Transportation Stimulus Funding to Counties of Distressed Economies

County	Distress Indicator	Transportation Stimulus Funding	Population	Per Capita	Share of Funding	Share of Population
Athens	38.8	\$151,928,000	63,255	\$2,401.83	15.82%	0.55%
Pike	38.7	\$4,028,000	27,967	\$144.03	0.42%	0.24%
Meigs	36.4	\$815,000	22,722	\$35.87	0.08%	0.20%
Adams	36.1	\$4,425,000	28,213	\$156.84	0.46%	0.25%
Morgan	34.8	\$2,032,000	14,510	\$140.04	0.21%	0.13%
Noble	34.2	\$-	14,333	\$-	0.00%	0.12%
Scioto	32.8	\$2,175,000	76,587	\$28.40	0.23%	0.67%
Gallia	32.6	\$400,000	30,912	\$12.94	0.04%	0.27%
Perry	30.9	\$3,028,000	35,241	\$85.92	0.32%	0.31%
Highland	30.9	\$1,675,000	42,349	\$39.55	0.17%	0.37%
Jackson	30.7	\$13,561,000	33,270	\$407.60	1.41%	0.29%
Jefferson	30.2	\$7,905,000	68,526	\$115.36	0.82%	0.60%
Vinton	30.2	\$500,000	13,281	\$37.65	0.05%	0.12%
Ashtabula	28.9	\$5,278,000	100,648	\$52.44	0.55%	0.88%
Lucas	28.7	\$51,704,000	440,456	\$117.39	5.38%	3.83%
Lawrence	28.5	\$4,548,000	62,573	\$72.68	0.47%	0.54%
Muskingum	28.4	\$8,446,000	85,087	\$99.26	0.88%	0.74%
Columbiana	28.0	\$9,643,000	107,873	\$89.39	1.00%	0.94%
Mahoning	28.0	\$35,882,000	237,978	\$150.78	3.74%	2.07%
Trumbull	27.9	\$5,849,000	211,317	\$27.68	0.61%	1.84%
Huron	27.4	\$1,993,000	59,659	\$33.41	0.21%	0.52%
Monroe	27.4	\$2,957,000	14,221	\$207.93	0.31%	0.12%
Total	31.39	\$318,772,000	1,790,978	\$177.99	33.20%	15.59%

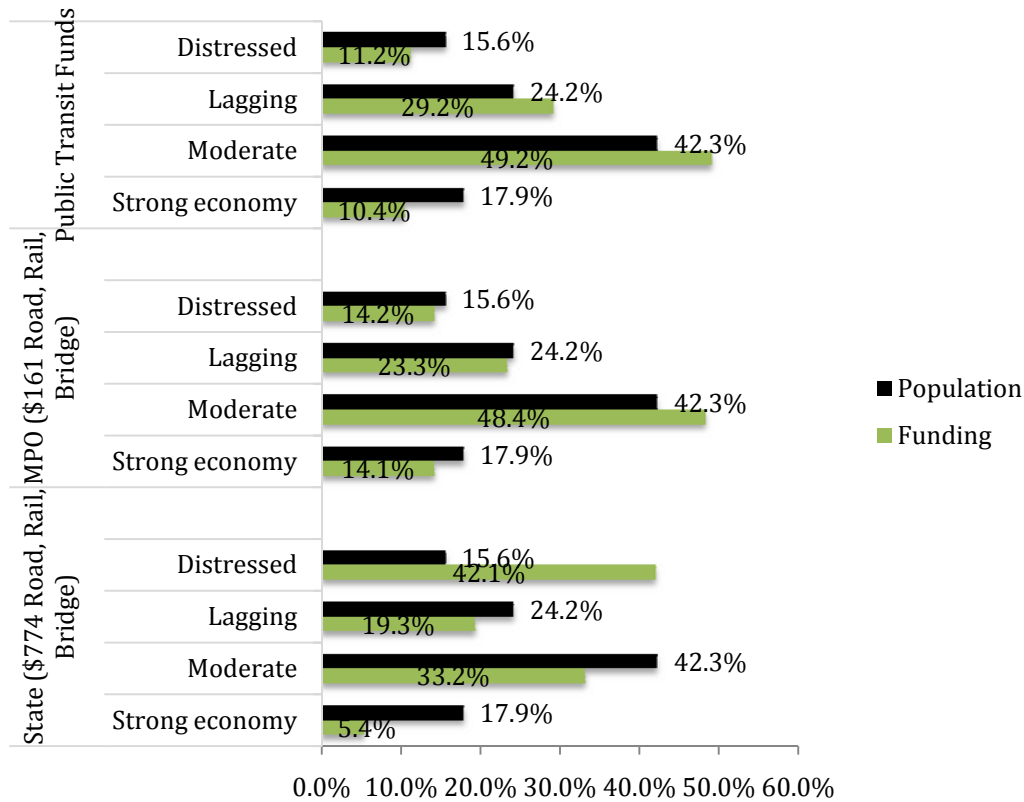
Source: Policy Matters Ohio based on State of Ohio Recovery Website project data, unemployment rates for September taken from ODJFS LMI data and poverty rates for 2008 from American Community Survey. Counties with less than 20,000 in population show poverty rates from 2007.

The numbers in this quartile are influenced by a single investment of \$150 million – at 19 percent, almost a fifth of the state federal stimulus allocation for roads, rail and bridges – for the Nelsonville Bypass in rural Athens and Hocking Counties. This investment is not part of the transportation system developed by the Appalachian Regional Commission, but it is in the tradition of funding supported for 40 years through

the Appalachian Regional Commission,⁹ which prioritized a network of road projects to bring access and economic activities to mountain communities.

The 1,790,978 residents of this group will see an investment of \$318,772,000 or \$178 per person, more than twice the state average.

Figure 3: Federal Stimulus Funding to County Quartiles by Program



Source: Policy Matters Ohio analysis of stimulus funding, poverty data and unemployment data

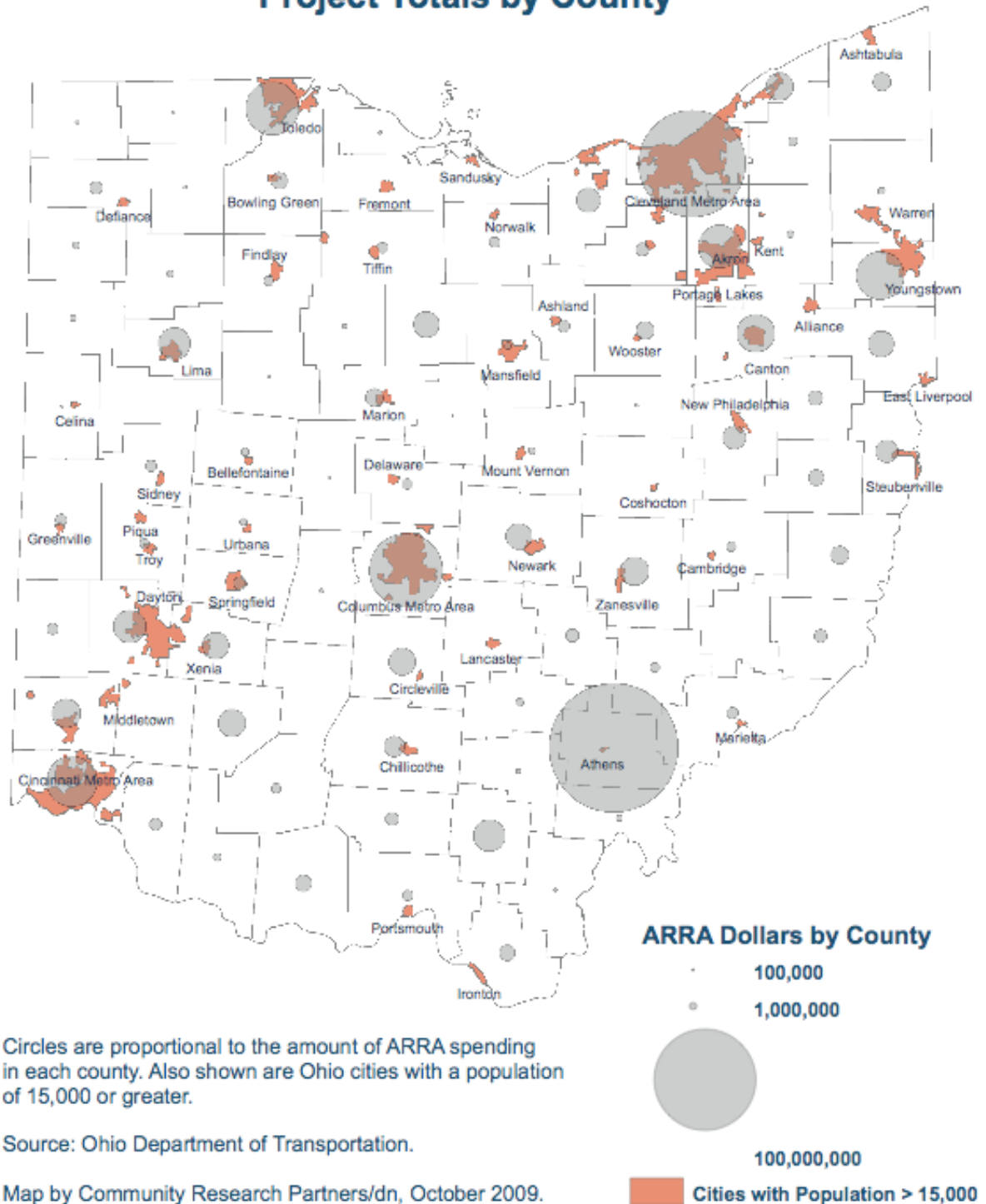
When broken out by funding source (Figure 3), we see that funding distributed by ODOT from the State’s \$774 ARRA funding pot was clearly targeted toward the areas of greatest economic distress. Over 42 percent of the state’s spending went to distressed counties, where 15.6 percent of the population lives. The overwhelming focus on distressed counties selected for funding by the Ohio Department of Transportation (ODOT) shaped the overall pattern of federal stimulus funding in transportation, both state and local.

⁹ In 1964, the President's Appalachian Regional Commission report argued that Appalachian development could not proceed until its regional isolation was overcome by its "penetration by an adequate transportation network." (2) Congress passed the Appalachian Regional Commission Act. Although the Act's supporters envisioned an economic development effort in a broad sense, building a road network that provided access was the ARC's highest priority. The Nelsonville Bypass is not part of this system, but it is the kind of large project fostered under the ARC initiatives.

Because of the size of the federal stimulus funds for transportation distributed by ODOT relative to the other two funding streams, we mapped ODOT ARRA investments relative to locations of cities (Map 2, p.17). Investments in Northeast Ohio and Appalachia are highlighted. The huge investment in rural Appalachia is the most striking element on the map.

The distribution of ARRA transportation funding across the state was based on federal and state criteria, existing plans and local decision-making. Overall, Ohio succeeded in targeting places in highest need of aid. The review of counties, however, was too broad to understand how cities fared. In the next section, we look more deeply into distribution by type of program and by project location on a sub-county basis.

American Reinvestment and Recovery Act (ARRA) Project Totals by County



Section III: Distribution of Stimulus Funds by Type of Place

To better understand the configuration of funding to the large cities, which typically have deeper distress measures than urban counties, we first focused on counties hosting the ten largest Ohio cities: Cleveland, Columbus, Cincinnati, Toledo, Dayton, Canton, Lorain, Akron, Parma and Youngstown (Table 5)¹⁰. About half of Ohio's state and local transportation funding in the federal stimulus went to these urban counties, and about half of the state population lives in these counties.

Table 5: Federal stimulus funding to the largest urban counties

County	Distress Indicator	State & Local Funding	Population	Per Capita	Share of Funding	Share of Population
Cuyahoga	23.6	\$ 142,747,000	1,283,925	\$ 111	14.9%	11.2%
Franklin	24.0	\$ 83,820,000	1,129,067	\$ 74	8.7%	9.8%
Hamilton	22.5	\$ 56,903,000	851,494	\$ 67	5.9%	7.4%
Lorain	21.5	\$ 18,770,000	304,373	\$ 62	2.0%	2.6%
Lucas	28.7	\$ 51,704,000	440,456	\$ 117	5.4%	3.8%
Mahoning	28.0	\$ 35,882,000	237,978	\$ 151	3.7%	2.1%
Montgomery	26.0	\$ 42,599,000	534,626	\$ 80	4.4%	4.7%
Stark	22.9	\$ 29,986,000	379,214	\$ 79	3.1%	3.3%
Summit	22.3	\$ 39,955,000	542,562	\$ 74	4.2%	4.7%
Total	24.4	\$ 502,366,000	5,703,695	\$ 88	52.3%	49.7%

Source: Policy Matters Ohio based on State of Ohio Recovery Website project data, unemployment rates for September taken from ODJFS LMI data and poverty rates for 2008 from American Community Survey. Population data taken from ODOD website; estimates for July 1, 2008.

The economy of these counties as a whole would fall into the “lagging” category, with a distress indicator of 24.4 percent (Table 5). However, these counties also contain some of the very poorest communities in Ohio and indeed in the country. The average per-capita funding of the group, at \$88, is also close to the state average of \$84.

In Ohio, the average population density of these urban counties is 1,570 individuals per square mile, compared with a state average of 281.¹¹ Because density builds up over time, this suggests age of infrastructure as well as use and need. It indicates that urban places have a much greater need for infrastructure support and development than newer suburban or sparser rural areas, and that investments in cities have economies of scale because of intensity of use.

Variation of per capita funding among counties is noteworthy, ranging from \$62 per capita in Lorain to \$151 in Cuyahoga County – a difference of 60 percent. It appears that counties organized around major urban initiatives fared better in selection for stimulus funding. In Cuyahoga County the city of Cleveland, which regularly appears on

¹⁰ There are ten cities but only nine hosting counties; both Parma and Cleveland are in Cuyahoga County.

¹¹ Ohio 2008 estimated population of 11,485, 910 divided by land mass of 40,948.38

the national ranking as one of the poorest cities in America, received unusual project allocation from ARRA. As in Appalachia, efforts to grapple with the economic problems of Cleveland have yielded long-term organizing around certain types of capital investment. In Cleveland, as in Appalachia, a huge roadway project – rebuilding of the Cleveland Innerbelt – has been in development for years. The federal stimulus allowed the project to move forward with an allocation of \$85 million, 11 percent of the state’s total allocation for transportation. Mahoning County’s numbers are also boosted by a specific (though multi-county) investment of \$20 million supporting job retention and expansion in a steel plant on the rail line.

From project data provided on the Ohio Department of Transportation (ODOT) website,¹² we evaluated state (ODOT) distribution of highway funds (this is the \$774 million pot of funds) to the ten largest cities. Local and public transit funds are directed to certain areas by definition, but the state had great flexibility to direct funding to meet the federal mandates of the stimulus funds. We looked at 91 percent of the funding, excluding multi-county projects: about \$704 million of investment.

Table 6: ODOT stimulus distribution to the largest cities in the state

City	ODOT Stimulus Funding	Share of ODOT funding	2008 Population	Share of Population	Per Capita	Distress	Density
Akron	\$21,000,000	2.8%	207,510	1.8%	\$101	32.6	3347
Canton	\$8,700,000	1.8%	78,362	0.7%	\$170	39.6	3918
Cincinnati	\$29,300,000	4.0%	333,336	2.9%	\$88	34.4	4329
Cleveland	\$87,667,000	11.9%	433,748	3.8%	\$202	40.8	5633
Columbus	\$31,968,800	4.3%	743,364	6.5%	\$43	28.4	3540
Dayton	\$4,085,000	0.6%	154,200	1.3%	\$26	41.2	2804
Lorain	\$3,968,618	0.5%	70,239	0.6%	\$57	36.5	2927
Toledo	\$29,371,000	4.0%	293,201	2.6%	\$100	36.8	3665
Youngstown	\$20,000,000	3.3%	72,924	0.6%	\$336	46.8	2210
Totals	\$236,060,418	33.2%	2,386,884	20.8%	\$115	35.2	3647

Source: Policy Matters Ohio based on analysis of ODOT stimulus project data and ODOT population estimates for July 1, 2008. Note that in terms of population Parma could be included in this grouping but is considered a suburb of the larger adjacent city, Cleveland.

Cities are the most densely populated places in Ohio, almost 13 times as densely populated as the state as a whole, but more people live in the suburban parts of urban counties than in the core cities. About half of the state’s people lived in the urban counties hosting the largest cities in Ohio, but Table 6 shows that only 20.8 percent of the people in the state live in those large cities themselves.

Cities constitute the economic anchors of urban counties and indeed of the state as a whole. The state’s spending within urban counties reflected officials’ understanding of this relationship. Of the funds we were able to track by community, we found that Cities received \$236 million of overall urban county funding of \$290 million. ODOT funding

¹² This analysis encompassed state distribution from the \$774 million state pot of funds. Of the total, we were able to identify about \$739 million by community, about 92 percent of the total allocation.

that went to urban counties appears in large measure to have gone directly to projects in the core cities.

In a comparison of share of funding to share of population, we see that 20.8 percent of the state’s population lives in the largest cities, and those nine cities received 33 percent of the state funding. The average per capita funding of \$115 per person is more than a third higher than the state average, although variation on city-by-city basis is very wide. This concentration on urban areas is appropriate given infrastructure needs, economic needs, and cities’ continued role as the economic engine of their regions and of the state.

In the face of a very narrow time frame to choose “shovel ready” projects with land acquired and plans drawn, it was difficult for officials across the nation to find projects that address the overwhelming transit needs of dense urban places, where unemployment and poverty have grown, plants have closed, and population and wealth have drained from the primary cities to the outlying areas.

Our review of county and city level data indicated that overall, Ohio’s distribution of transportation stimulus funding probably did not draw growth away from Ohio’s cities. However, to get a better analysis, we reviewed the specific roadway projects distributed by ODOT (from the \$774 million funding source) by type of place – rural, urban, suburban and beyond.¹³ Once again, not all projects fit into this analysis because some were multi-county; as pointed out previously, we removed most multi-county projects from the list. Our approach to dividing projects by type of place is described below:

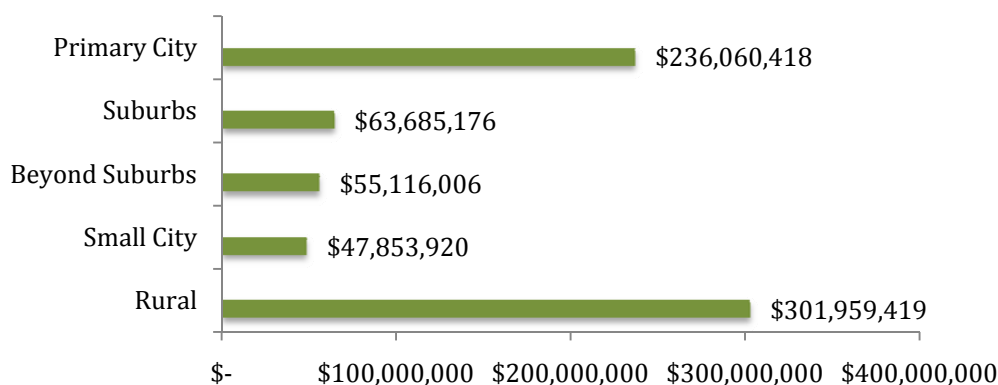
1. We considered projects in cities ‘urban.’ Within this designation, there were two categories:
 - a. Primary City - We considered projects to be in a “primary city” if they were located in one of the state’s largest cities: Columbus, Cleveland, Cincinnati, Toledo, Dayton, Youngstown, Canton, Lorain and Akron.¹³
 - b. Small City - Projects in cities with populations over 15,000 that were not part of one of the major city MPOs were considered to be in small cities.
2. We considered projects ‘Suburban’ if they were not in large cities but the host community was located in the same county as one of the state’s largest cities.
3. We considered areas ‘Beyond suburbs’ in counties adjacent to large cities. While the term “exurban’ is sometimes used for this slice of geography, we found that term bears a pejorative connotation we wished to avoid.
4. We considered areas rural if they were unincorporated places within counties that do not host a large city or are not adjacent to a county hosting a large city.

¹³ The city of Parma is one of the state’s largest 10 cities, but it is a suburb of a larger city within the same county (Cleveland, in Cuyahoga County). As a suburb, it is not considered a city.

A. State Distribution of Federal Stimulus Transportation Funds by Type of Place

Figure 4 illustrates the share of stimulus funding distributed by the state Department of Transportation (ODOT) by type of place in Ohio. The preponderance went to rural places. Rural places will see \$301 million dollars, 42.9 percent. Small cities will receive 6.8 percent of funding. The ten largest cities will receive 33.6 percent of the state’s distribution. Suburbs in the urban counties surrounding the largest cities will receive 9 percent, and the adjacent counties within the metro area surrounding the largest cities – “Beyond the Suburbs” – will receive 7.8 percent of the funds.

Figure 4: ODOT Transportation Stimulus Funding by Type of Place



Source: Policy Matters Ohio analysis of ODOT stimulus project data

B. Local Distribution of Federal Stimulus Transportation Funds

Policy Matters released an initial version of this report in November. The portion of that report that focused on the MPO spending was data driven and considered all MPO funding together. After hearing strong concerns from MPOs, we decided that the analysis would be strengthened by incorporating interviews and by some revisions in categories. This report incorporates those revisions, including interviews with seven of the eight MPOs. As a result of those discussions, this revised analysis contains more discussion of methodology.

The typology of communities is based on a study of primary cities and their closely linked, aging first suburbs, a typology developed by the Brookings Institution in their 2006 report “One Fifth of America: A Comprehensive Guide to America’s First Suburbs.”¹⁴ The Brookings study identified seven of Ohio’s largest cities as enmeshed in a surrounding county of first suburbs: Cleveland, Columbus, Cincinnati, Dayton, Akron, Canton, and Youngstown. This approach factored in size, population density and age of communities. Using the Brookings typology, we look at ARRA transportation investment distributed by the MPO investment in three types of places:

¹⁴ Puentes, Robert and Warren Davies, One Fifth of America: A Comprehensive Look at America’s First Suburbs, Brookings, April 2006.

- The primary city,
- Communities in the county hosting the primary city (“Suburbs”), and
- Investments outside of these first two categories (“Beyond Suburbs”).

Although Lorain and Toledo, in the top ten largest cities in Ohio, were not included in the Brookings study, we applied the same methodology to them in analyzing the distribution of federal ARRA transportation funds. The Brookings study considered Trumbull County a first suburb region of Youngstown because of population density in the 1950s. We include both Mahoning and Trumbull Counties as containing communities that could be considered first suburbs of Youngstown, linked to the primary city economically, spatially and socially.

Table 7 presents illustrates the flow of funds to different places within the MPOs. Primary cities themselves received 27.4 percent of funding. Communities or places within the urban county surrounding the largest cities received 48.1 percent of total funding. Places in counties next door to the cities and first suburbs –adjacent counties outside of the urban county with the primary city – received 24.6 percent of funding.

Table 7: Share of MPO transportation stimulus funding and share of population by category of place, 8 major urban MPO districts¹⁵

Total	ARRA funding	%	Population	%	Distress Indicator
Primary City	\$45,441,915	27.4%	2,386,884	29.7%	35
Suburban	\$79,657,577	48.0%	3,615,571	45.0%	24
Beyond	\$40,892,637	24.6%	2,038,657	25.4%	17

Source: Policy Matters Ohio based on data from ODOT stimulus project data and MPO websites. Population taken from ODOD website, estimate for July 1, 2008.

Note: Population only includes the 71 percent of Ohioans that live in the eight major MPO districts.

Table 7 demonstrates that distribution of local funding was roughly proportionate to population. Almost 30 percent of the population within the major urban MPOs live in the primary cities (within those eight districts as a group), and about 27 percent of the funding went to the primary cities. Forty-five percent live in the suburban communities in the urban counties hosting the primary cities. These communities received 48 percent of the local distribution. About 25 percent of residents in this group of MPOs live in the counties without major cities, and they received about 25 percent of the funding.

Proportionality makes sense except for the distress indicators. Economic need in primary cities is very high. The combined poverty and unemployment rates added together average a figure of 35 in the primary cities, which is twice that of the counties beyond the suburbs (17). The urban counties hosting the primary cities and suburbs

¹⁵ Some MPOs (Northeast Ohio Area Coordinating Council – NOACA - for example) added local funds to create a local area stimulus package. Funding listed on websites were estimated, referenced some local funds, so total amounts to more than the \$161.5MM.

average 24 (including the highly distressed primary cities). In an allocation of funding targeted to economic need, is proportionality the expected and desirable outcome?

In fact, proportionality is not an unexpected outcome. There was not, within the system as a whole, a focus on sub-county economic need. Guidance on economic distress was given and clarified by the federal government over the time period for selection.¹⁶ Although data was provided by FHWA at the sub-county level, the actual primary measure was defined at the county level, not the sub-county level. Within Ohio, some MPOs did not fall into an area in which Counties were defined as distressed, and therefore did not emphasize economic need in project selection. In other areas, all counties were distressed, so no sub-county area received priority consideration.

The group analysis that reveals proportionality in MPO funding masks individual variation in region. In northwest Ohio, for example, the Toledo Metropolitan Area Council of Governments (TMACOG) invested 71 percent of the stimulus funds into the City of Toledo, one of the ten poorest cities in the nation (along with Cleveland and Cincinnati).

Repeatedly in our interviews with the MPOs, directors and staff pointed out that the narrow window for completion made it difficult to move projects within the primary cities. “Many communities don’t have the resources to conduct preliminary engineering work on projects they don’t know will go forward,” said John Hosek, Director of Programs at the Northeast Ohio Area Coordinating Agency (NOACA). “There just weren’t projects with the necessary environmental, right-of-way acquisition or even drawings and engineering far enough along to move within the narrow window.”

NOACA is developing a program to address the needs of the more resource-strained cities in planning for transportation projects. A portion of highway funds are set aside for front-end work. This helps all members have an opportunity to win federal roadway funds, said Director Howard Maier. “All communities must have a shot at federal funds. We are trying to be fair to all of our members.”

A shortage of projects in the primary cities was not a problem in some places. Staff of the Toledo Metropolitan Area Council of Governments pointed out that the lion’s share of their funds (over 76 percent) went directly to the primary city. Staff of NOACA said they rolled up their sleeves and worked side by side with city officials to ensure good projects in the primary city were eligible and funded by this unusual source of funding – particularly unusual because it required no match. Local engineering capacity played a role in project readiness. In one county adjacent to the primary city and urban county, lack of capacity limited projects; in another primary city, a city engineer had a list of projects that could be massaged into readiness.

Some of the MPO representatives with whom we talked argued that there is a substantive difference between true “First Suburbs” and other suburbs in the urban county. Older, dense suburbs share many of the same characteristics of the primary city:

¹⁶ http://hepgis.fhwa.dot.gov/hepgis_v2/GeneralInfo/Map.aspx

density, aging infrastructure, lagging tax bases, aging housing stock, grey and brown fields instead of green fields for new development. We agreed to test the distribution pattern across the state relative to investment in older “First” suburbs. However, the MPO representatives with whom we met were not able to agree upon a methodology that identified first suburbs. One suggested that old suburbs adjacent to the primary city be classified with the primary city. Another suggested that an aging small city in the same MPO but 10 miles from the primary city could be classified as a First Suburb. With such a broad difference in opinion, we looked to places where communities had self-identified as “First Suburbs.”

We reviewed stimulus distribution patterns within four metropolitan areas around Cleveland, Dayton, Columbus and Cincinnati where older, inner-ring communities have come together and formed “First Suburb Consortia”. Table 8, below, shows allocations of stimulus dollars within those MPO areas by type of community.

Table 8: Distribution of stimulus transportation funds in the four MPO districts with First Suburb Consortia

TOTAL – Places with First Suburb Consortia	ARRA funds distributed by type of place	% of ARRA funding	Population distribution in places with First Suburb Consortia	% of population
Primary Cities	\$33,814,393	25.9%	1,734,887	30.1%
First Suburbs	\$26,169,257	20.0%	1,020,524	17.7%
Beyond First Suburbs	\$70,676,710	54.1%	3,011,704	52.2%

Source: Policy Matters Ohio, ODOT and MPO websites and data provided by some MPOs on First Suburbs. Population is taken from ODOD website, estimates for July 1, 2008. Note that total population includes only those Ohioans living within these four MPO areas.

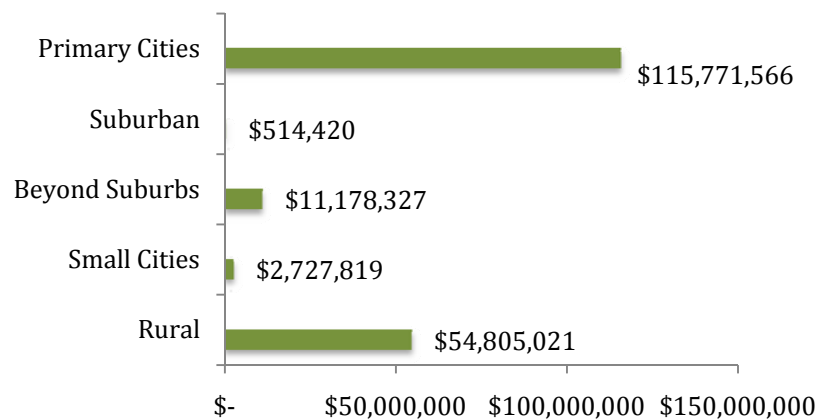
We found that despite regional variation, as a whole this group displayed rough proportionality in funding. Slightly more funding than proportional was directed to first suburbs. Slightly more funding than is proportional is devoted to areas beyond the first suburbs. Slightly less funding than is be proportional was directed to primary cities. In short, funding followed population with a slight bias against funding in the primary city and toward funding in the suburban communities, both self-identified first suburbs and beyond. If our goal is to promote the urban core with future federal funding streams to MPOs, the MPOs should be directed to prioritize the core – without such direction, the core was not prioritized.

It is important to note that local dollars in addition to stimulus dollars were added to some projects. For example, NOACA added funds to support an additional ten million dollars in new projects in first suburbs.

C. Stimulus Spending by Public Transit Agencies by Type of Place

In our final review of spending by type of place, we looked at federal stimulus funding for public transit agencies by type of place (Figure 5). The largest share of public transit funding went to large cities (\$115 million, or 63 percent), followed by rural areas, with \$55 million or 27 percent. Suburban areas and counties adjacent to the suburbs (“Beyond Suburbs”) received smaller shares of public transit funding: .3% in suburban areas and 6 percent in counties adjacent to the suburbs. Small cities in rural counties received 1.5 percent of the public transit funding.

Figure 5: Share of Stimulus Funding to Public Transit by Type of Place



Source: Policy Matters Ohio based on Ohio.recovery project data and ODOT project data.

Funding awards are listed by headquarter locations, and large metropolitan transit authorities that may serve multiple counties tend to be located in city centers; this may make the funding distribution appear more urban than it actually was. But since urban residents are the greatest users of mass transit, and since density and mass transit are compatible, it is appropriate that the transit agencies allocated money in this fashion. Further, the greater intensity of poverty and unemployment in large cities makes this an effective way of channeling stimulus to areas of greatest need

In sum, we tracked distribution of the three largest stimulus transportation programs by type of place: primary city, small city, suburban area, beyond the suburbs, and rural areas. We excluded most multi-jurisdictional projects. We analyzed about \$1.055 billion of the \$1.379 billion, about 76% of the total. We found that primary cities and rural areas were disproportionately funded. This highlights emphasis by the State of Ohio’s Department of Transportation (ODOT) on economic need. We found 37.6 percent of the funds went to primary cities, where 20.8 percent of the people live. Another 33.4 percent went to rural areas, where 22.3 percent of the people live (Table 9).

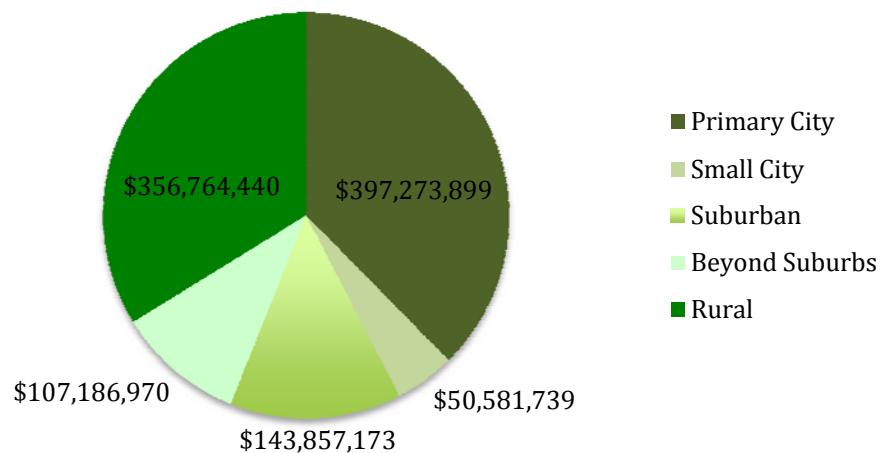
Table 9: Overall state and local distribution of transportation funding in Ohio by type of place

Type of Place	ARRA funding	Percent	Population	Percent
Primary Cities	\$397,273,899	37.6%	2,386,884	20.8%
Small Cities	\$50,581,739	4.8%	741,965	6.5%
Suburban	\$143,857,173	13.6%	3,528,128	30.7%
Beyond Suburbs	\$107,186,970	10.2%	2,267,708	19.7%
Rural	\$356,764,440	33.8%	2,561,225	22.3%
TOTAL Tracked	\$1,055,664,221	100.0%	11,485,910	100.0%

Source: Policy Matters Ohio based on ODOT project data, Ohio.recovery.gov website data, data from MPO websites and population data from the Ohio Department of Development; estimated population for July 1, 2008.

The federal stimulus was an unexpected distribution of funding that provided a badly-needed boost for jobs and the economy in every place in the state. Actual funding breakout of the \$1.055 billion we were able to trace by type of place is shown in Figure 6, below. The 2.56 million people who live in Ohio’s rural counties will see an investment of almost \$357 million dollars in roads, rail, bridges and public transit. The 2.39 million who live in Ohio’s largest cities will see \$397 million. We found the highest economic distress indicators in the densest of cities and in sparse rural counties. In both cases, share of funding outweighs the share of population by more than a third.

Figure 6: Federal stimulus funding distribution by type of place:



Source: Policy Matters Ohio based on data from ODOT, MPOs websites and Ohio.recovery

While the deepest economic need is found in rural counties and primary cities, no place in Ohio is unaffected by the recession. The 741,965 people who live in Ohio’s small, free-standing cities over 15,000 in population: like Marion, Lancaster or Steubenville, will see over \$50 million invested in transit and transportation infrastructure projects. The largest concentrations of Ohio’s population live in suburban communities surrounding the largest cities: These 3.53 million people will see almost \$144 million in additional infrastructure investment. The 2.27 million Ohioans who live beyond the

primary cities and the first suburbs surrounding them will see over \$107 million investment in infrastructure and public transit (Table 9 and Figure 6).

Section IV: Stimulus Funding by Type of Project

The federal stimulus provided an unusual revenue stream for transportation purposes: less bound by mandate and convention to road building than other sources and explicitly mandated for purposes of job creation. Recent research has demonstrated that expansion of capacity creates fewer jobs than repair and other types of non-road projects.¹⁷ Did Ohio make use of the flexibility of funding to use new research about direct job creation in formulating its decisions about stimulus projects?

We found that in Ohio, 29.5 percent of state-distributed ARRA highway funds went to roadway repair; 10.8 percent to repair with capacity expansion and 19.9 percent to repair and replacement of bridges. The largest single category of funding went to new highway construction, with 22.2 percent of total funding dedicated to this purpose. Projects other than roads, including rail, maritime, traffic signalization and a few other uses, received 17.7 percent of the ARRA funding (Table 10).

Table 10: ODOT Distribution by Type of Project Compared with Nation

Type of Project	State Distribution	Ohio - % of total	National - % of Total	Ohio share compared to National	Number of Projects	Percent of total
Repair	\$218,407,442	29.5%	49.0%	60.3%	104	52.3%
New Build	\$163,263,000	22.1%	6.0%	368.0%	4	2.0%
Bridges	\$147,205,146	19.9%	12.0%	165.9%	46	23.1%
Other	\$130,779,541	17.7%	16.0%	110.5%	28	14.1%
Repair/Widening	\$79,734,530	10.8%	17.0%	63.4%	17	8.5%

Source: Policy Matters Ohio, based on ODOT project data and GAO congressional testimony before the House Committee on Commerce, July 9 2009

We compared Ohio's spending pattern and found that the state allocated nearly four times more to building new highway miles when compared to the nation as a whole, and allocated quite a bit less than the average state to repair or repair and widening. This is primarily because of the large allocation for the Nelsonville Bypass. Ohio also allocated much more to bridges.

By devoting a large share of the federal stimulus resource to new construction, Ohio has not maximized the opportunity to create new jobs. Professor Robert Pollin and his team at the University of Massachusetts at Amherst estimated total jobs that may result from different types of infrastructure investments. He found that repair of roads and bridges creates about 16 percent more jobs than new build – in other words, it is a

¹⁷ Public transportation creates 19 percent more jobs than the same investment in building roads or highways, according to an analysis of a 2004 United States Department of Transportation jobs creation model. And, according to the California Transit Association, for every \$1 billion invested in new public transit projects, some 31,400 jobs are created and \$3 billion is pumped into the local economy.

more labor-intensive process, involving removal of damaged parts and reconstruction of new elements. Mass transit is particularly labor intensive. An investment in mass transit creates about 31 percent more jobs than an investment in building new highways.¹⁸ For that reason, states that dedicated larger shares of highway funding to mass transit were maximizing the job creation potential of federal stimulus resources.

Ohio's transportation priorities are oriented by tradition toward highways in part because the state gasoline tax is constitutionally mandated for highway work. Ohio ranks 40th in the nation in support of public transit, and this state support has declined by over 50 percent since the late 1990s, from an annual allocation of \$44 million to about \$10 million.¹⁹ Marianne Freed, Administrator of Transit within the Ohio Department of Transportation, points out that in the past, state funding provided up-front capital that allowed transit authorities to apply for matching federal funds. With the fall in state support, it has been harder to attract more federal dollars.

The lack of resources has dramatically impacted public transit in Ohio. According to data provided by the Ohio Department of Transportation, Ohio's 15 transit authorities provided close to 130 million rides to Ohioans, but this year, nine of these transit authorities have either increased fares or reduce services to make ends meet. In Lorain County, current plans are to eliminate bus routes entirely, despite the fact that more than ten percent of the households in the cities of Lorain and Oberlin are carless.

Initially, ARRA offered no assistance with operations. The public transit program of the federal stimulus targeted capital stock. Therefore, transit authorities used stimulus funds to replace outdated and depreciated equipment. According to Freed, after the first stimulus guidance was issued, a change was made in response to an outcry for operating support among public transit agencies nationally. The federal government now is allowing grant requests to be revised to incorporate operations expenses.

"But it takes time to reallocate federal funding," Freed points out. "The grant application must be changed and the plan must be changed. This all takes time. Services continue to be cut and fares raised as the systems work through access to funds."

According to Smart Growth America, seven states devoted 10 percent of their ARRA highway funds to public transit, walking and biking choices.²⁰ If Ohio had matched that, up to \$77 million could have been made available to support mass transit. If the state had simply directed 3 percent of its stimulus resources to public transit, fares could have been lowered and services expanded to help people get to work at lower cost, an ideal way to target economic distress. In the future, Ohio should build fewer new

¹⁸http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/green_economics/PERI_Infrastructure_Investments, p.27

¹⁹ Amanda Woodrum, "Committing to Commuters: Transit and Ohio's New Energy Economy," Policy Matters Ohio, March 2009

²⁰ Smart Growth America, *The States and the Stimulus* at <http://www.smartgrowthamerica.org/documents/120days.pdf>

highway miles and invest more in public transit to boost job creation and ease pressures on household budgets.

Conclusion and recommendations

- No region was left out of the distribution of transportation stimulus funds. Some regions have healthier economies than others, but none were left out of the distribution of federal stimulus money for transportation.
- Overall, Ohio prioritized federal stimulus transportation spending in the most economically distressed areas in rural and urban places, and on a county and sub-county basis, when all funding stream analyzed are considered.
- The most distressed Ohio counties received the lion's share of ARRA funding: The most distressed counties in the state feature sharply higher economic distress indicators than the state as a whole. A little over 15 percent of the state's people live in these counties, which will receive 33 percent of ARRA transportation funding. The average per capita spending of \$178 is more than double the state average of \$84.
- One project in this quartile influenced the numbers for the state: Almost a fifth of all state-distributed ARRA funds for roads, rail and bridges (19%) will go to support building the \$150 million Nelsonville Bypass in Athens and Hocking Counties in the Appalachian area of Southeastern Ohio.
- The state will provide more funding for capacity expansion than is typical for the nation: The \$150 million Nelsonville Bypass project in rural Athens and Hocking counties pushed the share of new highway miles funded by ARRA dollars in Ohio up to 22 percent, compared with a national average of 16 percent.
- Ohio will still provide a lot of money for repair of existing roads and bridges: Forty-six bridges will be replaced or repaired and 121 roads will be repaired and, in a minority of cases (17 instances), widened. About 62 percent of the state's ARRA transportation funds goes to repair, capacity expansion, or replacement.
- Counties housing the state's largest cities will get a fair share of ARRA funding: These counties are home to almost half (49 percent) of Ohio's population, and will receive just over half (52 percent) of the federal stimulus money from the three programs identified. The per capita funding in Ohio's counties hosting the largest cities is, on the average, \$88, very close to the state average of \$84.
- The core cities themselves were targeted for ARRA funding, but not on the scale of Ohio's rural places. Ohio's largest core cities, with population density more than 13 times greater than the state average and an average distress indicator almost 50 percent higher, are home to 20.8 percent of the state's people and will receive 37.6 percent of the transportation stimulus dollars identified by

community. The average per capita funding of \$115 per person is more than a third higher than the state average, although city-by-city variation is very wide.

- Local distribution of ARRA transportation funds through Metropolitan Planning Organizations was fairly proportional to population by type of place. The share of funds going to primary cities (27.4 percent) was slightly less than cities' share of total population within the 8 major urban MPOs (29.7 percent).

Recommendations:

- 1. Institutionalize the state's targeting of investment for economic recovery:** State distribution of ARRA highway funds has built internal capacity around understanding the projects and places where public investment can stimulate economic recovery. This should be incorporated into routine decision-making.
- 2. Maximize job creation through investments in public transit and repair and maintenance.** Minimize new build, which requires ongoing maintenance, can encourage movement out of places with established infrastructure, and can put stress on the environment and on limited resources in a state that does not have a fast-growing population or tax base.
- 3. The state should establish formal mechanisms for weighting and scoring projects funded under federal stimulus programs in the future.** A state protocol could provide guidance to local areas with their own funding stream. Such guidance should be reinforced with rewards or penalties.
- 4. Facilitate development of more core city projects:** Special funding for front-end planning and engineering work could help cities focus on urban transportation projects. More time-to-completion would facilitate selection of urban projects.
- 5. Provide clearer guidance on targeting at a sub-county level.** A focus on sub-county economic distress could be facilitated through mandate or earmarked revenue streams.

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