The Road to Recovery:
Analysis of the American Recovery and Reinvestment Act Transportation Funds in Ohio
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.

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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.