



Making Connections 2011

Making the Economic case for Transit

March 17, 2011

Becky Thiess, Policy Analyst
Economic Policy Institute
Washington, DC
bthiess@epi.org



Overview

- Investments in transportation have economic benefits
- EPI's work on the impact of transit investments on the labor market



Fiscal Stimulus Bang-for-your-Buck

- Increased infrastructure spending yields **\$1.57** in additional economic activity per dollar spent
- In comparison:
 - Payroll tax holiday: **\$1.24** per dollar spent
 - Low Income Home Energy Assistance Program: **\$1.13** per dollar spent
 - Make Bush income tax cuts permanent: **\$0.32** per dollar spent
 - Cut in corporate tax rate: **\$.032** per dollar spent





Returns on investment

- Smart investments can:
 - Provide benefits for households and businesses
 - Promote economic growth & development
 - Positively impact public health and the environment
 - Lead to greater energy efficiency



Returns on investment

- Smart investments can:
 - Reduce congestion and lower costs associated with it
 - Wasted fuel 1982: \$260 per traveler
 - Wasted fuel 2005: \$710 per traveler
 - Increased business costs through higher delivery costs and reduced market size
 - Promote greater socio-economic equality
 - Low income people less likely to own cars, more likely to use public transportation
 - Average fuel costs in 2011 will be \$2,800 per household
 - Jobs have shifted away from city centers

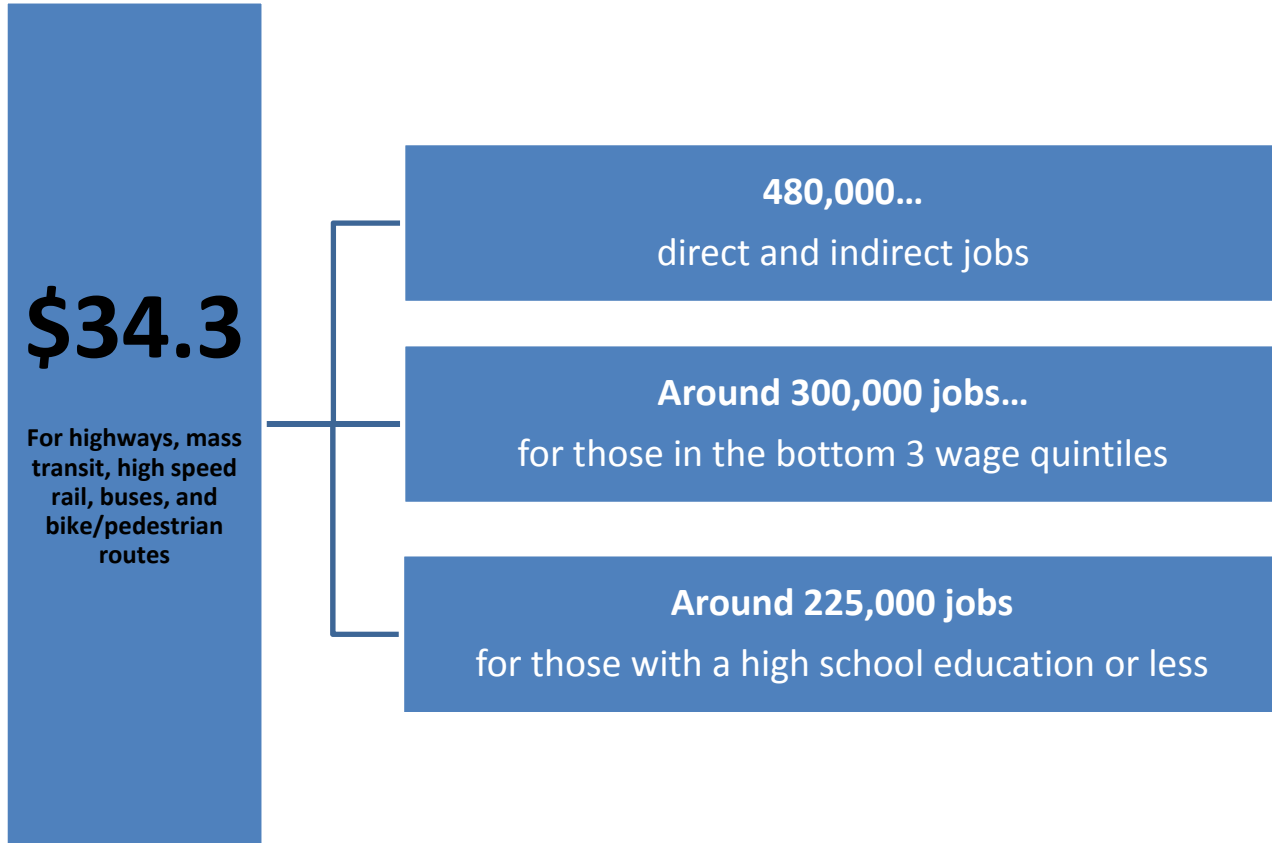


Public infrastructure investment linked with economic growth

- 1950-1979:
 - public investment in transportation, water management, and electricity transmission, grew by 4% annually
 - GDP growth averaged 4.1% annually
- 1980-2007:
 - public investment growth slows to 2.3% of GDP
 - GDP growth also slows to 2.9% average annual rate



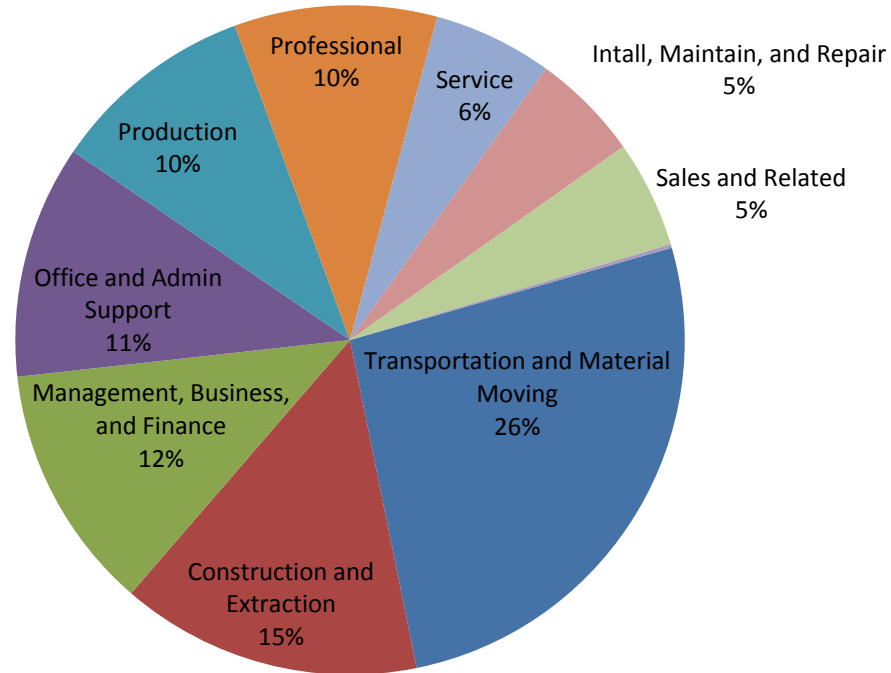
Transportation for America's Jobs Proposal





What kinds of jobs?

Jobs by broad occupation category





Transportation for America's Alternative Funding Scenario



SAFETEA-LU
(current policy):
\$500 billion



T4A Proposal:
\$500 billion



TABLE 1

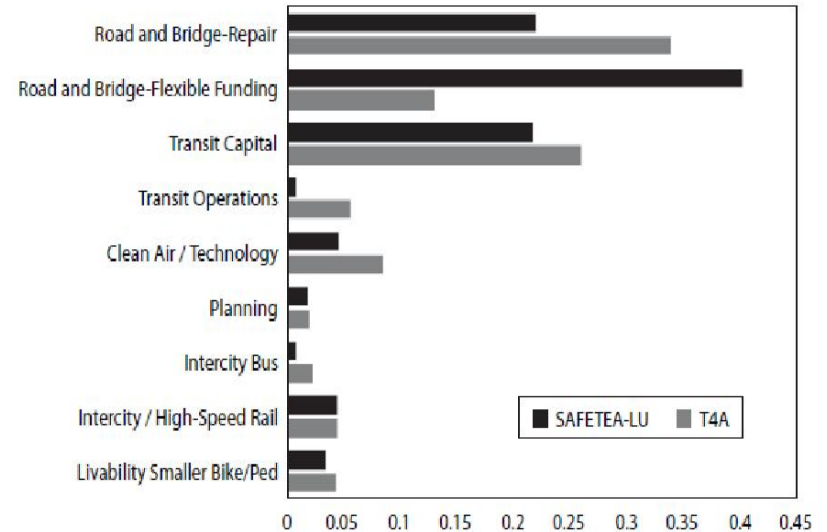
Reauthorization options

<i>EPI category</i>	SAFETEA-LU		T4A	
	<i>Billions of dollars</i>	<i>Share of total</i>	<i>Billions of dollars</i>	<i>Share of total</i>
<i>Road and bridge - New (flexible funding)</i>	\$201.1	40%	\$65.0	13%
<i>Road and bridge - Repair</i>	109.8	22	169.0	34
<i>Transit capital</i>	108.6	22	130.0	26
<i>Transit operations</i>	4.1	1	28.0	6
<i>Clean Air / technology</i>	23.2	5	42.4	8
<i>Planning</i>	9.3	2	10.0	2
<i>Intercity bus</i>	4.2	1	11.5	2
<i>Intercity / High-speed rail</i>	22.6	5	22.5	4
<i>Livability smaller bike/ped</i>	17.1	3	21.7	4
Total	500		500	

SOURCE: Transportation for America.

FIGURE A

Comparison of SAFETEA-LU and T4A by program



SOURCE: Transportation for America.



Results

SAFETEA-
LU

Would support
13,700 direct and
indirect jobs per
billion dollar of
investment

Would support the
creation of 6.85
million jobs total

T4A

Would support
14,000 direct and
indirect jobs per
billion dollars of
investment

Would support the
creation of 7.2
million jobs total



FTA vs. TMAP Funding Scenarios



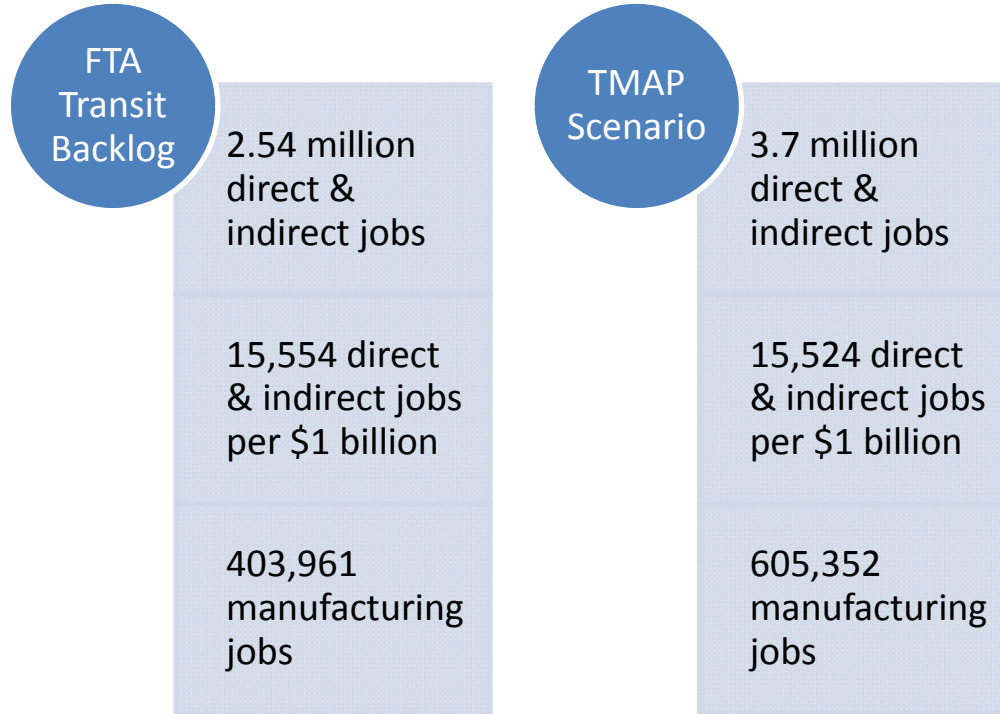
FTA Transit Backlog Scenario:
\$27.3 billion over 6 years (\$163.8 billion total)



Transportation Manufacturing Action Plan
(TMAP) Scenario:
\$30 billion for public transit infrastructure & \$10
billion for intercity/high-speed rail over 6 years
(\$240 billion total)



Results





Conclusion

- Transportation investments can help:
 - Address infrastructure needs
 - Rebuild a struggling middle class
 - Get the economy back on track
 - Impact a multitude of quality of life variables
 - Create good jobs for people who need them