

# *Infrastructure Investment and Stimulus Package: The AASHTO Perspective*

**Joung H. Lee**

*Associate Director for Finance and Business Development*

American Association of State Highway and Transportation Officials

*Deputy Director*

AASHTO Center for Excellence in Project Finance

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## Session Objectives

- To discuss the context of transportation investment in the stimulus legislation from the perspective of the State Departments of Transportation
- To provide an overview of transportation provisions in the American Recovery and Reinvestment Act of 2009 (ARRA)
- To provide current status of ARRA implementation and reporting
- To answer questions about these topics

# Economic Recovery

- The President proposed sweeping increases in investment for infrastructure as part of an overall economic recovery plan
- Key Principles
  - Create Jobs
  - Invest in America
  - Ensure accountability for investments



## State Examples

- AASHTO December 2008 Survey – 5000 projects worth \$65 billion
- Arizona – \$1.3 billion highway, transit and aviation projects
- Kansas – \$655 million in 180 days, \$701 million in 1 year
- Missouri – 34 projects, \$510 million, 14,000 jobs

# Economic Recovery

## Three Key Points

1. State DOTs are ready to **utilize stimulus dollars quickly** and demonstrate **accountability**
2. Tiered approach: With prudent queuing, both shorter-term (within 180 days) and longer-term (more than 180 days) **projects will be delivered concurrently**
3. Economic recovery **plan cannot be a substitute for long-term investment goals** that must be articulated and implemented in the transportation authorization

# H.R. 1 – American Recovery and Investment Act of 2009

## Overall Features

- \$48.12 billion to USDOT
- 100 percent Federal share
- Maintenance of effort required
- Periodic reporting of economic impact of stimulus spending
- \$1.5 billion for discretionary grants (Up to \$200 million for TIFIA credit assistance)

# ARRA Provisions

## Highways

- Apportionment within 21 days (10 March 2009)
- \$27.5 billion total
  - \$840 million set-asides for various national programs
  - \$26.66 billion for apportionment to states
- Based on Surface Transportation Program Eligibility
- Breakdown of \$26.66 billion
  - 67% at state discretion
  - 30% sub-allocation by population
  - 3% for transportation enhancements
- 50% must be obligated in 120 days excluding sub-allocated amount
- Priority to projects that...
  - Can be completed in 3 years
  - Are located in economically distressed areas

# ARRA Provisions

## Transit

- \$6.9 billion for capital formula grants
- \$750 million for fixed guideway modernization formula grants
- \$750 million goes for New Starts
- 50% must be obligated in 120 days



# ARRA Provisions

## Passenger Rail

- Unprecedented \$8 billion for intercity passenger and high-speed rail
- USDOT to issue interim guidance for grant terms, conditions, and procedures within 120 days
- \$850 million for Amtrak capital grants
- \$450 million for Amtrak security upgrades

# ARRA Provisions

## Aviation

- \$1.1 billion for supplemental Airport Improvement Grants
- \$200 million for Federal Aviation Administration procurement

## Other Transportation-related Funding

- USDOT Maritime Administration – \$100 million
- US Dept of Homeland Security – \$2.755 billion
- US Army Corps of Engineers – \$4.6 billion
- US Environmental Protection Agency – \$7.22 billion

# ARRA Provisions

## Tax Provisions

- Increases maximum tax-free employer-provided mass transit benefit from \$120 per month to \$230 per month and indexes for inflation
- Provides Alternative Minimum Tax exemption on interest on private activity bonds issued in 2009 and 2010
- Lowers the minimum speed a high-speed rail project can be able to maintain to be eligible for high-speed rail bonds
- Allows issuance of taxable "Build America Bonds" until end of 2011 in which federal tax credit (to investors) or federal cash subsidy (to issuers) equivalent to 35 percent of interest due are provided

# ARRA Provisions

## Tax Provisions

- Davis-Bacon prevailing wage scheme to all projects funded by new bonds under the Act
- \$15 billion in private activity Recovery Zone Facility Bonds
- \$10 billion in Recovery Zone Economic Development tax credit bonds
- Allows banks to deduct 80% of cost of buying and carrying munis issued in 2009 and 2010 if tax-exempt holdings do not exceed 2% (“de minimis” rule)
- Allows banks to deduct 80% of cost of buying and carrying munis issued by “small” issuers (less than \$30 million annual volume)

## Status of ARRA Implementation

- \$17.0 billion obligated by FHWA as of July 21
- This represents 63% of funds available, supporting 5,808 projects
- USDOT has asked for applications to the \$1.5 billion TIGER discretionary grant program
- FRA issued interim guidance for \$8 billion intercity/high-speed rail program on June 17

# ARRA Compliance

- Weekly cabinet-level reports on Recovery.gov website
- Stimulus “Czar”: Ed DeSeve of OMB

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## AGENCY SUMMARY - DEPARTMENT OF TRANSPORTATION

### Department of Transportation

Agency Recovery Site  
[View Recovery Site](#)

Agency Recovery Plan  
[View Agency Recovery Plan](#)

### Recent News

Tuesday, March 31, 2009  
[Transportation Inspector General Issues Report on Oversight Challenges Facing the Department of Transportation](#)

Thursday, March 5, 2009  
[\\$8.4 Billion for Public Transit](#)

Tuesday, March 3, 2009  
[Rebuilding America's Infrastructure](#)

[More News](#) »

### Financial Status

Available	17.51B
Paid Out	218.76M

### Weekly Progress



Date	Available	Paid Out
05-22	14.4B	0
05-29	15.2B	0
06-5	16.0B	0
06-12	18.0B	0

Source: Agency Financial and Activity Report as of 2009-06-17

### Accountability and Transparency

Find out how your money is being spent through [Inspector General Findings](#), [Inspector General Financial and Activity Reports](#), [Inspector General Recovery Plans](#), and [Government Accountability Office Findings](#).

### Fraud, Waste and Abuse

Report misuse of Recovery funds to [Inspectors General Hotlines](#) and find [Whistleblower Information](#).

### State, Local, Tribal and Territorial Information

Link to [State Recovery Sites](#) and [Tribal News](#) to learn about recovery progress in your area.

### Agency Sites and Information

Track Agency progress with [Financial and Activity Reports](#), read the [Agency Recovery Plans](#), and visit [Agency Recovery Sites](#).

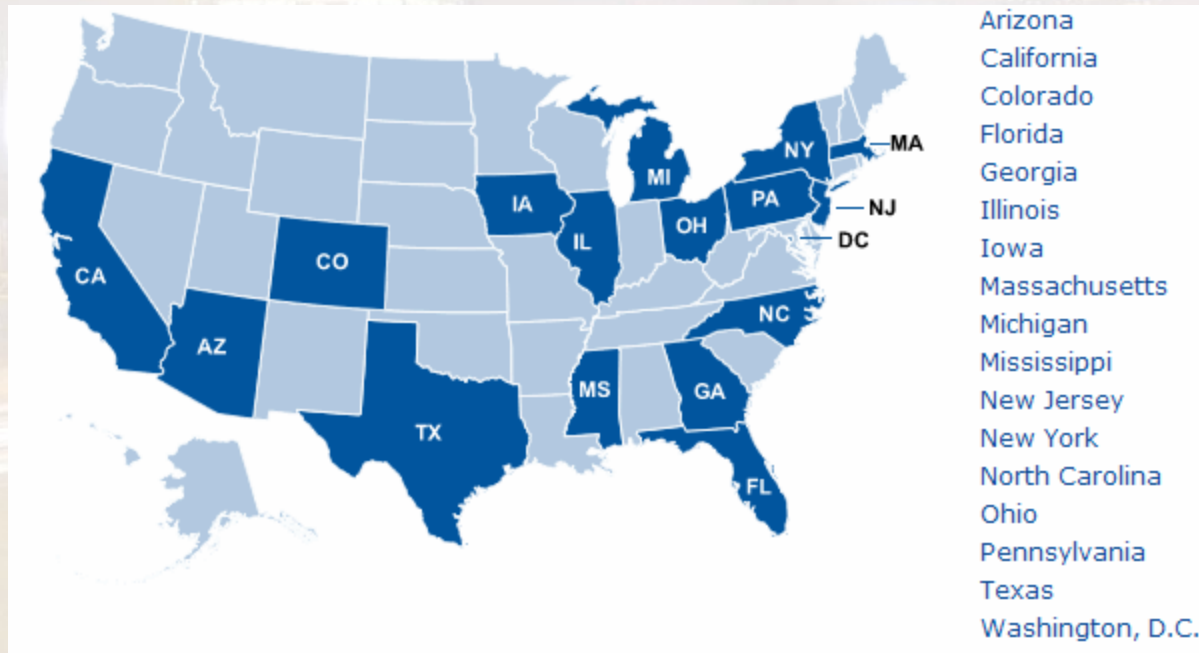
### Financial and Activity Report

Report Date: 2009-06-12 [View History](#)

Financial Status:

# ARRA Compliance

- Government Accountability Office's bimonthly review of 16 states plus DC



## Lessons Learned So Far

- FHWA has lead role, but House T&I and OMB also have data requests—one set of data would reduce redundancy and potential for confusion
- Jobs data is more difficult to obtain on time, especially from contractors
- Additional challenges to quantify discrete data for:
  - Jobs “created” vs “retained
  - Jobs created by ARRA portion of dollars in a project with multiple funding sources



## Lessons Learned So Far

- Obligation numbers have met and exceeded statutory targets and projects out to bid moving as expected
- However, outlays of Federal dollars are slower
  - Communication of capital program and project delivery process to public is key
  - House T&I has developed a 14-step timeline from obligation to contracts awarded to outlay
  - It's hard to project a meaningful two-year trend from initial data submitted
  - The summer construction season data is starting to come in—patience is needed

# Thank You

**Joung H. Lee**

*Associate Director for Finance and Business Development*

**AASHTO - American Association of State Highway and Transportation Officials**

444 North Capitol Street NW, Suite 249

Washington, DC 20001

Phone: (202) 624-5818

Fax: (202) 624-5469

Email: [jlee@aaashto.org](mailto:jlee@aaashto.org)

Web: [www.transportation.org](http://www.transportation.org)