

## Funding Public Transit is Better for Job Creation than Funding Road Work Wisconsin Transit Riders Alliance

The purpose of this note is to address the commonly-held myth that funding highway construction is so good for generating jobs that it is worth borrowing hundreds of millions of dollars to do so, even as spending to maintain local roads is capped at unacceptably low levels and funds for public transportation stay cut below what they were only a few years ago. We argue that while Wisconsin's employment situation might be best off with a balanced use of transportation dollars involving many features dropped from the last State budget, allocating a majority of transportation funds to public transportation rather than road construction, particularly state highway construction, could be best from a "job creation" point of view. We purposefully discount the important role transit plays connecting people to jobs (LeRoy et al., 2013).

We can base this stance on information on the transportation projects funded by the American Recovery & Reinvestment Act (ARRA) of 2009 when \$26.6 billion was infused into the economy by way of surface transportation projects, one of the major goals being to put many people to work as quickly as possible. Since projects had to be "shovel ready," only 1.7 percent of the funds went toward public transportation in contrast to the traditional 80/20 split in funding for road work/other. But what did get spent on public transit projects produced 70 percent more jobs per dollar than the road projects! (SGA, 2011a). Wisconsin received a little over \$527 million of that \$26.6 billion. None of it was spent on transit (SGA, 2011b) so we cannot report on a figure specific to Wisconsin.

That more jobs could be created by putting money into public transportation rather than road work was known well before 2009 however. In 2009 itself for instance, a nice summary of previous research found that "historically" on average investments in public transportation generated 31 percent more jobs per dollar than new construction of roads and bridges and roughly 13 percent more jobs per dollar than road maintenance and repair (Nelson et al., 2009). In 2003, the national Surface Transportation Policy Partnership issued a "Fact Sheet" full of numbers, arguing that:

While new highway construction does lead to an increase in employment, these jobs are mostly for non-local workers: road engineers and other specialists who come in to an area for a specific job and then leave when it has been completed. On the other hand, transit investments create a wealth of employment opportunities in the short and the long run. Transit system construction leads to an impressive level of short-term job creation, and once the systems are finished, a long-term source of high-quality jobs (STTP. 2003).

Such issues as raising the gas tax in lieu of borrowing are important but cannot mask the fact that financing highway construction is not the best way to provide jobs with transportation funds. Allocating the same money for public transportation would be better, and would provide more options for transit riders as well.

### References

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