

May 15, 2009

Frank Busalacchi, Secretary  
Wisconsin Dept. of Transportation  
4802 Sheboygan Ave.  
P.O. Box 7910  
Madison, WI 53707-7910

Re: Stimulus Funding and Transit Development

Dear Sec. Busalacchi:

We are writing to urge you to invest the remaining ARRA Surface Transportation Program (STP) funds for Wisconsin in transit improvement projects.

In congruence with the purpose and principles of ARRA funding as outlined by Congress in the American Recovery and Reinvestment Act of 2009<sup>1</sup> it is important that priority be given to projects that offer the highest return on investment and are located in areas of economic distress.

Furthermore, with the recently increased estimate of an over \$6.6 billion state deficit to overcome, Wisconsin simply can not afford to invest in projects generating anything less than the highest return on investment.

Research shows that by using STP funds for public transportation projects concentrated in areas of economic distress, Wisconsin will generate the highest rate of return while meeting some of our most urgent transportation needs and restoring our communities.

Transit projects have the highest potential to grow our economy as demonstrated by the strongest job creation potential and by providing a catalyst and framework for spurring long-term economic development and growth. "Every \$1 billion invested in transit capital projects generates 30,000 jobs, and the same amount invested in transit operations generates 60,000 jobs. The return on investment could be as high as 9 to 1."<sup>2</sup>

According to a recent study by the University of Massachusetts at Amherst, "Mass transit projects generate

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<sup>1</sup> [American Recovery and Reinvestment Act](#) of 2009, Sec. 3, Purposes and Principles, p. 2

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

<sup>2</sup> Cambridge Systematics, Inc. and Economic Development Research Group, *A Qualitative Analysis of Public Transportation's Economic Impact*, October 1999.

5,377 or 31% more jobs per dollar than new roads and bridges per \$1 billion spent<sup>3</sup>, hence offer the greatest impact for transportation stimulus funds to assist in Wisconsin's economic recovery.

Along with sustained local job and transit system creation comes a matching increase in tax and sales revenue for local communities. A recent report by the American Public Transit Association (APTA) found that "Every dollar taxpayers invest in public transportation generates \$6 or more in economic returns. Business leaders now realize that metropolitan regions cannot operate effectively, or attract new business investment, without good public transit. Of the 50 largest metropolitan areas in the United States, 48 are building or expanding their transit systems, or have plans to do so. A recent survey by Jones Lang LaSalle in Property Futures found that 77 percent of New Economy companies rated access to mass transit as an extremely important factor in selecting corporate locations."<sup>4</sup>

Furthermore, transit projects offer a targeted and greater job creation impact to areas of highest economic distress. "Sustained economic development depends on engaging as many people as possible in the economy. For the broader economy it is better for someone who is unemployed to get a job than for someone who is already employed to switch jobs. Putting or keeping transit in communities with high unemployment produces up to 2.5 times more jobs than putting transit in communities with low unemployment."<sup>5</sup>

Wisconsin simply can not afford to invest in projects generating anything less than the highest rate of return on our investment.

Highway spending had high rates of economic return in the 1950s and 1960s when used to create our national network. Subsequent investments have since experienced steeply declining rates of return. The best future transportation investments in metropolitan areas are ones that elevate accessibility within the area through multi-modal options, integrate land uses and facilitate higher densities<sup>6</sup> Economic returns from multi-modal investments generally exceed those from highways. A study by McKinsey & Co. found that these kinds of investments in Atlanta would produce more than 100 times the return from additional highway investment.<sup>7</sup>

In southeastern Wisconsin, transit improvements have lagged far behind highway improvements. "The Wisconsin Department of Transportation concedes that widening I-94 in the Milwaukee area would have only "minimal" effect in shortening travel times, even during peak congestion periods."<sup>8</sup> Moreover, at the time the analysis was conducted – before even the current recession began – highway traffic volumes had been declining in Wisconsin and nationally.

Not only has the lack of investment in transit provided a poor return for the State, it has also had a draining

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<sup>3</sup> Heintz, J., Pollin, R. and Garrett-Peltier, H. (2009). *How Infrastructure Investments Support the U.S. Economy: Employment, Productivity, and Growth*. Political Economy Research Institute. University of Massachusetts at Amherst.

<sup>4</sup> Surface Transportation Policy Project, *Transportation and Jobs* [www.transact.org/library/factsheets/jobs.asp](http://www.transact.org/library/factsheets/jobs.asp).

<sup>5</sup> Metropolitan Research Center, University of Utah, Briefing Paper No. 4, *Economic Stimulus by Connecting the Most People to Economic Opportunities for the Same Investment*, April 2009

<sup>6</sup> Metropolitan Research Center, University of Utah, Briefing Paper No. 7, *Economic Stimulus Through Higher Returns to Transportation Investments*, April 2009

<sup>7</sup> McKinsey and Company, IT3 Scenario Results and Implications, Briefing to the General Assembly, State of Georgia, Discussion Document, December 3, 2008

<sup>8</sup> Federal Highway Administration, *Traffic Volume Trends, May 2008*, July 28, 2008, *FEIS, I-94 NS Project, supra*, at Exhibit 4-1 and 4-2

effect on household incomes. “As families are forced to spend thousands of dollars annually on owning and operating cars and trucks (which are rapidly depreciating assets), they have less money to invest in home ownership, hindering wealth creation and the ability to enjoy other benefits of home ownership. The poorest Americans are especially hard hit, spending nearly 40 percent of their take-home pay on transportation costs, an expense that may require those families to dip into savings, borrow from relatives, and look for nontraditional sources of income to make ends meet.”<sup>9</sup>

The lack of transit in Wisconsin, especially transit to connect inner-city workers to employment, has a disproportionate negative effect on communities of color. In Milwaukee, for instance, even before the current recession, the plight of the low-income communities of color in the inner city was desperate. “Approximately 50% of working age African-American males are currently unemployed, and unemployment in the Hispanic community is also high. At the same time, very large portions of the minority and low-income populations in Milwaukee are transit-dependent. Fewer than half of African-American and Hispanic adults in Milwaukee County have valid drivers’ licenses, while many others have licenses but do not own a vehicle. Significantly improved public transit is needed to connect the unemployed and underemployed Milwaukee workers to job opportunities that are now predominantly located in the suburbs.”<sup>10</sup>

Yet public transit systems in southeastern Wisconsin are on the verge of collapse. The Southeastern Wisconsin Regional Planning Commission and the Public Policy Forum have both documented the declining share of state funding for transit in the Milwaukee region in recent years, the resulting cutbacks in service and increases in fares that have occurred year after year, and the drastic cutbacks that will result by 2010 if increased funding is not provided. *SEWRPC Planning Report 049, supra* at pp. 274-75, 372; Public Policy Forum, *Milwaukee County’s Transit Crisis*, May 2008.

In a meeting with WisDOT on April 29, the ACLU of Wisconsin, NAACP of Milwaukee, and CASH emphasized the need to increase transit development - including transit accessible to inner-city communities to facilitate job access. The groups objected to the over-emphasis in highway construction in which WisDOT has engaged. In this meeting, WisDOT representatives explicitly stated their support for increased transit development, but that there were barriers to increasing transit investments.

So how do we overcome these barriers?

The primary barrier has fallen: STP funds in other states have been used for transit projects. For example, Governor Deval Patrick of Massachusetts just announced plans to use approximately \$54 million in federal economic stimulus funds to transform existing bus service in a popular corridor into bus rapid transit with dedicated bus lanes, longer buses, and more frequent service. In addition, the state of Massachusetts has already received approval to obligate nearly \$25 million in STP funds for public transportation projects. Similarly, the Atlanta regional government, the Atlanta Regional Commission (ARC), will spend \$25

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<sup>9</sup> Metropolitan Research Center, University of Utah, Briefing Paper No. 10, *Economic Stimulus Through Equitable Transit*

<sup>10</sup> See, e.g., Final EIS, I-94 N-S Corridor Project, March 2008, p. 4-48; John Pawasarat, *The Drivers License Status of the Voting Age Population in Wisconsin*, UWM-Employment and Training Institute (June 2005); *SEWRPC Planning Report 049, 2035 Regional Transportation System Plan* (2006), pp. 123, 138.

million in STP stimulus funds for preventative maintenance on the MARTA, the Atlanta transit system, freeing up MARTA funds for general operations. The Portland, Oregon regional government is likewise helping Tri Met, the transit agency by investing in right-of-ways to benefit the transit system.

Although the \$529 million for Wisconsin comes from a fund that the stimulus bill labels as “Highway Infrastructure Investment,” in actuality, this money consists of Surface Transportation Funds that can be allocated for projects of many types, including transit. This section of the ARRA appropriates funds as follows:

For an additional amount for restoration, repair, construction and other activities *eligible under paragraph (b) of section 133 of title 23, United States Code, . . .*” (emphasis added).<sup>11</sup>

Paragraph (b) of section 133 of title 23 "explicitly authorizes funding for transit development, including “[c]apital costs for transit projects eligible for assistance under chapter 53 of title 49, including vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus, transit safety infrastructure improvements, and transit research and development.” 23 U.S.C. §§ 133(b)(2),(4),(5). Thus, public transportation planning and projects are eligible for assistance, *including with appropriations the ARRA labels as “highway infrastructure” appropriations.*

Dedicating the remaining ARRA STP to transit developments in areas of economic distress, will not only enable WisDOT to fulfill its goal of increasing its investment in transit, but will also ensure Wisconsin achieves the best return on its stimulus investment which will benefit the entire state including historically underserved communities.

Sincerely,

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<sup>11</sup> AARA, DIVISION A - APPROPRIATIONS PROVISIONS, TITLE XII - Transportation and Housing and Urban Development, and Related Agencies, Department of Transportation, Federal Highway Administration, Highway Infrastructure Investment (available at p. 92 of the following link: [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf))

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