

**ISP 2007-213 – requesting that the Arkansas Legislative Council study the impact of the State Transportation System and its condition in terms of safety, economics, education, and other social factors**

## **TRANSPORTATION STUDY PROPOSAL**

### **Situation**

Representative Maxwell envisions a need for a study of Arkansas's highways showing the economic contribution of highways to the state and the lost economic development if highway spending was delayed beyond the Arkansas Highway and Transportation Commission's planned spending on new construction and maintenance. Representative Maxwell would like the information in time for legislative committee meetings in November 2008.

### **Response**

This would require a major research effort requiring significant additional funding, personnel and time. The study would also require a project by project analysis similar to what is being done in Missouri. Since we do not have the resources to conduct a comprehensive analysis of Arkansas's highways by November 2008, we propose a study that 1) identifies the economic contribution of highway spending and 2) identifies the potential benefits of highway construction and maintenance from the findings of previous studies.

### **Economic Contribution of Highway Spending**

The first part of the study will identify the historical and future economic contribution of total state spending on highway construction and maintenance as given by historical and projected spending from 2000 to 2015. The study will estimate the number of jobs, income, value added, and state revenue generated as a result of this spending.

One component of this study will identify the amount of highway funding coming from the Federal government and estimate the economic impact this funding has had and is projected to have on the Arkansas economy from 2000 to 2015.

### **Highway Construction and Maintenance Benefits**

The second component of the study will identify the potential benefits of the major proposed highway construction and maintenance projects using the findings of studies conducted for similar projects in other areas of the United States. This section of the study will also summarize the standards and methodology recommended by the Federal Highway Administration to compute the economic effects of highway investments to help establish a framework for evaluating highway investments in Arkansas.

To provide this information a review of the relevant literature and research on the impacts of highways economic development and growth will be undertaken. The review will focus on how highway infrastructure development affects rural and urban economies, and on the differences between the impacts associated with statewide connectivity vs. specific project type. The goal of this literature review is to develop a list of documented economic effects associated with improving and maintaining highway systems that can be expected to occur with Arkansas with its continued highway infrastructure developments.

### **Project Output**

The project will provide a 10 to 15 page report summarizing the findings of the study which will be made available in hard copy and in PDF format as required by the project sponsors. A PowerPoint presentation can also be produced if required by the sponsors.

### **Project Time Frame**

The project will begin as soon as resources and funding are available and is to be completed by October 31, 2008.

### **Project Budget**

Completing the study within the next months will require an intensive investment of time and resources. The proposed cost of the project is approximately \$24,000, with the final cost to be determined after finalizing the proposal.

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# TRANSPORTATION STUDY PROPOSAL OUTLINE

## Objectives

1. Establish a framework for evaluating highway investments in Arkansas.
  - a. Summarize and present the standards and methodology recommended by the Federal Highway Administration to compute the economic effects of highway investments.
  - b. Identify methodology to evaluate highway construction and maintenance impacts.
2. Identify the potential benefits of two or three major highway construction and maintenance projects utilizing information from studies of similar projects in the U. S.
3. Estimate the economic contribution of proposed new highway construction and maintenance spending on the Arkansas economy.
  - a. Generate baseline economic activity of State using current spending
  - b. Generate hypothetical economic activity of State with additional highway spending.
  - c. Compute difference between hypothetical and baseline economic projections.

## Products

1. **Literature Review** of the relevant literature and research on the impacts of highways on economic development and growth.
  - a. The review will focus on how highway infrastructure development affects rural and urban economies.
  - b. Differences between the impacts associated with statewide connectivity vs. specific projects type.
2. **Framework for evaluating benefits** of highway construction and maintenance projects.
3. **List of documented economic effects** associated with improving and maintaining highway systems that can be expected to occur with two or three Arkansas construction/maintenance projects.
4. **Estimated economic benefits** of additional highway spending on State economy.