

ECONOMIC STIMULUS UPDATE – February 2009

Reported by Governmental Liaison Committee

There has been a great deal of discussion around the Legislature this week regarding how the federal economic stimulus funds will be spent in Texas. The House of Representatives has set up a special committee, chaired by Rep. Jim Dunnam, with broad authority to oversee how state agencies are using the funds. The committee met yesterday and heard presentations on housing aspects of the bill from the Texas Department of Housing and Community Affairs and on transportation issues from TxDOT. In coming weeks, it is expected that the committee will hear from agencies responsible for other areas, such as water/wastewater infrastructure, and we will pass that information along as we get it.

In the housing area, it appears that most of the money will flow to low-income housing programs and programs to address homelessness.

The transportation area has drawn a lot of focus this week because the Transportation Commission was considering moving to select projects as early as this Thursday at its regular monthly meeting. The state will receive around \$2.25 billion in highway and bridge funds. Approximately \$500 million will be allocated to projects directly by the metropolitan planning organizations and approximately \$1.7 billion will be allocated by the Commission. However, the MPOs are being encouraged to leverage their funds and potentially some projects may be jointly funded. The decision has already been made to put \$500 million of the Department's funds into maintenance/rehabilitation-type projects, leaving \$1.2 billion for mobility projects. Fifty percent of the state portion must be obligated within 120 days, while the MPO portion and the balance of the state portion must be obligated within another year.

Executive Director Saenz and Chairwoman Delisi told committees this week that the Department will have a list of projects by Wednesday morning (tomorrow). Presumably it will be made available on the Department's website. This list will be presented to the Commission at its work session on Wednesday afternoon and potentially voted on at the Commission formal meeting on Thursday. However, it appears to be the Chairwoman's intent to leave at least part of the proposal pending and vote on it a week later.

A couple of months ago when TxDOT submitted its list of \$6 billion in projects in response to an AASHTO questionnaire, it appeared that a large portion of the package might be put into maintenance and relatively insignificant projects. That seems to have been altered by pressure from Sen. Watson, Rep. Pickett and others to give the MPOs more input and to put more money into more significant projects. Since there is a year to obligate a large portion of the money, this creates a greater chance that there will be at least some positive impact on the engineering market - at least in contrast to a program largely focused on rehabilitation.

Finally, in addition to the highway and bridge funds, the state will receive approximately \$370 million for transit. The bulk of this - \$320 million - will be allocated directly to the larger transit authorities. Another \$1.1 billion is available nationally for aviation, but we do not have information about Texas' share or its allocation.