

I. RESEARCH PROJECT TITLE

Economic Impacts of the Kansas Comprehensive Transportation Program (CTP)
Highway Construction and Maintenance Activities

II. RESEARCH PROBLEM STATEMENT

The K-TRAN funded study titled, "Economic Impacts of the Kansas Comprehensive Highway Program," measured output, income, and employment impacts of the CHP. As a result of expenditure of \$2.86 billion on highway construction and maintenance the economic impacts were \$7.4 billion in output, \$1.4 billion in income, and 117,820 jobs.

In the process of analyzing funding issues and developing budgets for the state highway program, the Kansas House and Senate Transportation Committees often request the economic impact of highway expenditures. The proposed research will enable KDOT to provide useful information to the Kansas legislature with regard to the economic benefits of highway construction projects for the Kansas economy, and in the process economically justify the state highway program. The economic impact multipliers of this research inform Kansas highway policymakers that the benefits of the state highway program greatly exceed the costs.

The economic impact multipliers for the CHP study were based on highway construction data collected between 1989 and 1997. Thus the data on which the multipliers are based is 10 to 20 years old. The multipliers have undoubtedly changed as has the composition of expenditure by highway type. Both of these factors significantly influence the economic impacts. Since the CTP is in its final stages, it is useful to measure the impacts of the program to provide the legislature with the information needed to reauthorize the next 10 year transportation plan.

III. PROPOSED RESEARCH OR RESEARCH OBJECTIVES

Objective A—Measure direct output, income, and employment impacts by highway improvement type of the Kansas Comprehensive Transportation Program.

Objective B—Measure indirect and induced output, income, and employment impacts by highway improvement type of the Kansas Comprehensive Transportation Program.

It is expected that the accomplishment of the objectives will involve the successful completion of the following tasks.

- Task 1. Obtain current mailing addresses and phone numbers of highway contractors who received Kansas highway construction and maintenance contracts.
- Task 2. Obtain from KDOT a list of all CTP contracts awarded during the 10 years of the CTP. The list would classify contracts by number, highway improvement type, contractor ID number, and amount of the contract.

- Task 3. Survey the highway contractors that obtained large CTP contracts. Contractors will be asked to provide information pertaining to their purchases of construction inputs, wages and salaries, taxes, and amounts paid to subcontractors.
- Task 4. Solve the Kansas input-output model for the output, income, and employment multipliers for each highway improvement type.
- Task 5. Obtain from KDOT the total value of CTP contracts for each highway improvement type.
- Task 6. Calculate the output, income, and employment impacts of the CTP.
- Task 7. Write the final report.

IV. ESTIMATE OF FUNDING AND RESEARCH PERIOD

The estimated cost of the project is \$59,014 and can be completed in a year. Funds are requested from both UTC and KTRAN.

V. URGENCY AND PAYOFF POTENTIAL

As a result of this research, KDOT will be able to provide the Kansas legislature with accurate, detailed estimates of the economic impact of the highway construction and maintenance expenditures of the CTP, producing a corresponding increase in the credibility of KDOT in the eyes of the legislature. Both former Kansas Secretary of Transportation Dean Carlson and current Secretary Deborah Miller have publicly cited the value of this information in obtaining funding for CTP.

Given the constant fiscal pressure on the Kansas legislature there have been times when the KDOT highway program was cut to avoid a budget deficit. The information provided by this research will allow KDOT to provide policymakers with estimates of the cost of cutting the highway program in terms of lost output, income, and employment. It is difficult to quantify the payoff potential in dollars but if the information helps avoid cutbacks in the highway program the payoff could be in the tens of millions of dollars.

A well maintained rural road system is essential to the economic sustainability of rural Kansas. Thus this research directly contributes to UTC's mission of the sustainability of Kansas rural transportation. This research could lead to sustained funding by other Kansas government departments such as the Kansas Department of Economic Development.

VI. IMPLEMENTATION STRATEGY

The research results should be distributed to all the major stakeholders including KDOT, key legislative leaders, and the Kansas Contractors Association. These results will be distributed via a formal report, media reports, and presentations by the project investigators to stakeholder groups.

VII. PROJECT PERSONNEL

Personnel will include Michael W. Babcock as principal investigator, John Leatherman, Dean Landman as co-principal investigator, and a graduate research assistant.

VIII. SUBMISSION INFORMATION

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Professor Michael W. Babcock
Department of Economics
Kansas State University
Manhattan, KS 66506
ph: 785-532-4571
fax: 785-532-6919
email: mwb@ksu.edu