

Economic Impact Of Michigan Dot's 2009-2013 Highway Program



Client

Facts

Period 2008

Project Country

By Economic Development Research Group and the Institute of Labor and Industrial Relations of the University of Michigan, for Michigan DOT, 2009

As state transportation agencies work to maximize the value of their statewide facility investments, they are becoming particularly interested in new methods for calculating the economic benefit of proposed projects. Michigan DOT, a leader in the field, turned to the team of Economic Development Research Group and the University of Michigan's Institute of Labor & Industrial Relations.

The research team, in a series of five studies between 2005-2009, analyzed the travel-benefits of Michigan DOT's five-year highway plan (2005-2009, 2006-2010, 2007-2011, and 2009-2013).

The first study, (completed in 2005) predicted that the plan of investments would create 26,550 Michigan jobs in 2005 and would amount to \$57.6 million of travel time savings for households and \$35 million in savings for businesses as a result of improving pavement conditions and increasing capacity between 2005 and 2009. These savings would generate \$6.5 billion of inflation-adjusted Gross State Product and create \$4.2 billion in real personal income for the state. All of these impacts were measured compared to a base case in which no such investments were made.

The 2006 study predicted that MDOT's 2007-2011 Highway Program would create 30,824 Michigan jobs.

The 2006 study also found that the Highway Program will result in \$71 million in travel time savings for households, and \$51 million in savings for businesses as a result of improving pavement conditions and increasing capacity between 2006 and 2010. These savings were predicted to generate \$6.9 billion of inflation-adjusted Gross State Product and to create \$4.7 billion in real personal income for the state.

The studies focus on measuring benefits, allowing Michigan DOT staff to make the decisions regarding benefits versus costs. As reported in the news media, Michigan Governor Jennifer M. Granholm welcomed the results of the study series, commenting that her administration's transportation priorities "further reinforce the connection between good roads and good jobs for Michigan."

The 2009 study of the 2009-2013 Highway Plan included ARRA funded projects, and Michigan's capital preventive maintenance activities. A total of 23,131 jobs are supported in year 1 and an average of 14,700 jobs in each of the remaining years. This is based on \$6.78 billion invested in maintaining and expanding Michigan's road and bridge network.

The research team used a combination of economic analysis tools, featuring the REMI Policy Insight Model, as a means of estimating the long-range implications for the state economy.

Contact Persons