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## Technical Report II

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# State Transportation Programs To Foster Economic Development



STATE TRANSPORTATION PROGRAMS  
TO FOSTER ECONOMIC DEVELOPMENT

RISE Technical Report II

by

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## INTRODUCTION

The connection between highway improvements and economic development is both obvious and illusive. Conventional wisdom holds that ample, well-maintained highways, streets, and roads are important to an area's development potential because they provide access to resources, goods, and markets. In any form of economic activity, accessibility is a critical need. The precise impact of a particular transportation improvement, however, oftentimes is difficult to assess. A variety of other factors enter the picture, such as the availability and cost of land, labor, and capital; relative tax rates; environmental and general life quality; and the presence of needed services and other types of infrastructure (Congressional Budget Office, 1978). A reasonable supposition is that good transportation is a necessary but not sufficient condition for economic development to occur. Put another way, transportation facilities contribute significantly to a competitive advantage for an area. The stronger the overall competitive advantage an area has, the more likely employment-generating investment is to occur.

This report examines the emerging role of state transportation agencies in helping to facilitate economic development. A series of policy issues are contemplated, relating to how a state could approach the problem of increasing the competitive advantage of its communities by funding certain types of highway improvements. Results of a survey of all 50 state transportation agencies are reported; the survey inquired about the nature and extent of current programs geared toward fostering economic development. Finally, the philosophy behind Iowa's RISE program is discussed.

## FINANCING NEEDED HIGHWAY IMPROVEMENTS

At a time when state and local governments are straining to maintain their existing transportation facilities, new pressures for street and highway improvements are being felt. These pressures stem from intensified competition for job-producing economic activity.



### The Transportation Financing Crunch

The worsening condition of street and highway systems in and around many of the nation's cities has become a topic of widespread concern (U.S. General Accounting Office, 1981). This problem has three interrelated components: (1) age and usage patterns of the highway system, (2) increasing costs of maintenance and construction, and (3) a lack of growth in revenue from traditional user taxation mechanisms.

According to The Road Information Program (TRIP), 210,000 miles (10.5 percent) of the nation's two million miles of paved roads are in "poor" or "very poor" condition, and another 1.03 million miles (51.8 percent) are rated only "fair" (TRIP, 1984, p. 1).\* TRIP estimates that it would cost \$273.7 billion in 1984 dollars to remove all deficiencies on paved public roads.\*\* Deterioration due to age and the ravages of weather is exacerbated by larger traffic volumes than originally forecasted in many urban areas, heavier vehicles than the pavement was designed to accommodate, and deferred rehabilitation investment.

The escalation of highway maintenance and construction costs reached unprecedented levels during the inflationary 1970s. From 1970 to 1980, the Federal Highway Administration (FHWA) Maintenance Index rose by 134 percent, and the FHWA Construction Price Index increased by 181 percent. Fortunately, in the past few years these sizable cost increases have not continued.

Unfortunately, in recent years user charges have not produced increases in revenue. Cooper has observed that in real dollars, registration fees have declined from an average of over \$22 per vehicle in the late 1960s to less than \$13 in 1983, a drop of 44 percent (Cooper, 1984, p. 11). He has noted

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\*See also U.S. Department of Transportation (1981).

\*\*It should be noted that some analysts disagree as to whether all of these improvements are worthwhile; questions have been raised as to the validity of many "needs" studies. See Lee (1986).



that total registration fee receipts have not grown in real terms since 1965. The other major highway user taxation mechanism, motor fuel taxes, has declined in relative importance as a financing mechanism and will continue to do so; U.S. Treasury forecasts portend a gradual reduction in motor fuel consumption (Cooper, 1984, p. 7). Indeed, the Office of Technology Assessment has forecasted new vehicle fuel efficiency levels for the year 2000 of 48 to 78 miles per gallon (Office of Technology Assessment, 1982).

The leading source of nonuser revenue for financing urban streets and highways, the property tax, is not likely to generate sizable increases in revenue, either. Initiatives such as Proposition 13 in California and Proposition 2-1/2 in Massachusetts are manifestations of a national reluctance by local taxpayers to shoulder increased property tax burdens. Street and highway needs must compete with all other local services whose costs have escalated as well.

Given uncertain revenue prospects and faced with pavement that is reaching an advanced stage of its life cycle, most state transportation agencies generally have become hesitant to initiate much new construction. In constant dollars, capital expenditures for highways have declined steadily for the past decade and a half. It is becoming the case in some states that rather special conditions must exist for any significant new construction to take place.

#### Economic Development and Highway Investments

In the present era, about the only basis for initiating even limited expansion of highway systems at the state level is positive net economic benefits of a substantial magnitude. This being the case, certain improvements can be justified through a need to be competitive for new employment-generating activity and a sharing of costs with private investors and local governments.

Competition for Economic Activity. The U.S. economy is undergoing a structural realignment, both functionally and spatially. Disinvestment in many sectors of manufacturing began in the recession of the late 1970s.



According to Bluestone and Harrison, the chance of a manufacturing plant closing down during a seven-year period in the 1970s was over 30 percent (Bluestone and Harrison, 1982, p. 33). The decline in manufacturing is continuing; much of the capital stock is aging and energy inefficient, and lower labor costs in the third world are drawing manufacturing activity from the U.S. The decline in manufacturing has been especially severe in the Midwest, where employment in this sector decreased by 3.5 percent from 1976 to 1981.\* During these years, however, the West experienced an 18 percent increase.

Midwestern and, to varying degrees, other states trying to retain existing manufacturing firms or attract replacements for those already departed increasingly are recognizing the critical importance of infrastructure, including streets and highways. Furthermore, most states appear to recognize the need to diversify their economies. To be competitive for office functions (finance, insurance, real estate, and the like), nondurable manufacturing and other light industry, and service activities, new types of transportation facilities often must be provided. Land use patterns and access needs associated with these activities often are quite different from those of manufacturing; to attract them, extensive transportation investments very well may be essential (see Mahmassani and Toft, 1985).

Evolving Private Sector Participation. Over the past few years, there has been a strong policy direction at the federal level to promote greater participation by the private sector in solving public problems (see President's Task Force on Private Sector Initiatives, 1982). FHWA has responded by exploring alternative arrangements for private financing of highway improvements (Meisner, 1984). Where economic development stands to benefit private businesses as well as society generally, there is growing sentiment that both should share in the costs of necessary infrastructural improvements. In many cases investors will voluntarily make roadway improvements to

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\*Figures cited in Advisory Commission on Intergovernmental Relations (1985), p. 8.



strengthen their property's potential for development and, hence, its market value.\*

From a state's perspective, policy actions to induce private involvement in financing highway improvements are likely to be a mixture of carrot and stick incentives. Specific developer contributions may be required by law, usually as fees per square foot for different types of activities. New Jersey, in fact, requires developers to contribute to the financing of facilities required to accommodate all future traffic in the affected area, not only that directly attributable to their projects (Meisner, 1984, p. 20). Another approach is to accord preferential treatment to developers who propose the most attractive match ratios, or at least to those exceeding a specified financing ratio for necessary infrastructure improvements.

The severe fiscal limitations experienced by most state highway programs, coupled with the inherent fairness of asking those who benefit by the construction of new public facilities to share in their cost, make private sector involvement attractive. How large a private sector share can be obtained, of course, ultimately depends upon market conditions. If the location has great potential for profit, a higher developer contribution can be sought. Areas with the greatest need for economic development often may not be in a position to obtain a particularly sizable contribution. Transportation improvements may, in fact, be needed as a form of enticement to attract private investments.

To summarize, despite growing rehabilitation needs and shortages in user revenues, state transportation agencies must do all that they can to help create an environment that is conducive to economic development. Competition for the types of activities that can replace declining industries has become particularly acute in recent years. To achieve the

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\*Orski has reported that over \$300 million in private sector contributions have been made toward roadway improvements in a dozen cities, particularly in California, Texas, and Colorado. See Orski (1985), p. 294.



greatest benefits from the funds available, cooperative financing arrangements with private investors are becoming a significant facet of state-level highway financing.

#### A SURVEY OF ECONOMIC DEVELOPMENT-RELATED HIGHWAY PROGRAMS

Although a number of states have been establishing highway improvement programs tied to economic development, little has been written about them. To facilitate comparisons and identify emerging trends, information from all 50 state transportation agencies has been obtained.

##### Program Orientation and Features

The nature of involvement in economic development-related activities by state transportation agencies is presented in Table I. Thirty-six states explicitly take economic development into account in their highway programming activities. Of these states, 15 simply incorporate economic development objectives into their normal programming process and do not have special funds or programs for the specific purpose of fostering economic development. The methods used range from informal petitions on the part of local governments for priority programming to point systems for ranking projects.

A surprisingly large number of states, 22, have categorical funding or bonding authority for economic development. Iowa, for example, has a dedicated two-cent motor fuel tax, the proceeds of which flow into a special fund. Programs vary in scale from Maine's \$400,000 industrial park matching program (to supplement private sector funds) to more extensive efforts, such as those in Florida, Iowa, Massachusetts, Michigan, and Washington (see Table II).

Eleven states' programs mainly are oriented toward making industrial parks more accessible. These programs supplement local and private funding sources in financing the construction of such improvements as interchanges, frontage roads, or other access roads. In their industrial park programs, some states specify funding limitations based on the amount of local or



TABLE I

SUMMARY OF STATE DOT TRANSPORTATION AGENCY INVOLVEMENT IN ECONOMIC DEVELOPMENT

<u>State</u>	<u>Econ. Devel. Objectives in Programming</u> <sup>1</sup>	<u>Special Econ. Devel. Funds/Bonding</u> <sup>2</sup>	<u>Industrial Park Road Program</u> <sup>3</sup>	<u>Quick-Response Capabilities</u> <sup>4</sup>
Alabama	•	•	•	
Alaska		•		
Arizona				
Arkansas	•	•	•	
California	•			
Colorado	•			
Connecticut	•			
Delaware	•			
Florida		•		
Georgia	•			
Hawaii	•			
Idaho	•			
Illinois	•	•	•	
Indiana	•			
Iowa	•	•		•
Kansas	•	•	•	
Kentucky	•	•	•	
Louisiana	•	•		
Maine	•	•		•
Maryland				
Massachusetts	•	•	•	•
Michigan	•	•		
Minnesota	•	•		• <sup>5</sup>
Mississippi				
Missouri				
Montana				
Nebraska				
Nevada	•			
New Hampshire				
New Jersey				
New Mexico	•			
New York	•	•		
North Carolina	•	•		•
North Dakota				
Ohio	•			
Oklahoma	•	•	•	
Oregon	•			
Pennsylvania	•			
Rhode Island				
South Carolina				
South Dakota	•	•	•	
Tennessee	•		•	
Texas	•			
Utah	•			



TABLE I (continued)

<u>State</u>	<u>Econ. Devel. Objectives in Programming</u> <sup>1</sup>	<u>Special Econ. Devel. Funds/Bonding</u> <sup>2</sup>	<u>Industrial Park Road Program</u> <sup>3</sup>	<u>Quick-Response Capabilities</u> <sup>4</sup>
Vermont				
Virginia	•	•		•
Washington	•	•		
West Virginia	•	•	•	•
Wisconsin <sup>6</sup>	•	•		•
Wyoming	•	•	•	

- Notes:
1. "Economic Development Objectives in Programming" means that the state specifically takes economic development into account in its capital programming process or has special highway programs to encourage economic development.
  2. "Special Economic Development Funds/Bonding" means that the state has a categorical funding source or bonding authority for economic development or industrial park roads.
  3. "Industrial Park Program" means that the state has a special program dedicated to constructing this type of road.
  4. "Quick-Response Capabilities" means that the state has the ability to expedite economic development-related road projects.
  5. Expedites environmental review for economic development projects.
  6. Proposed "AHEAD" program. Has not yet passed in the state legislature.



private funds contributed or on the number of jobs created. South Dakota, for example, requires:

- A commitment to actual construction of the industrial facility in the near future.
- A committed capital investment of at least five times the required state participation costs.
- Total employment for all facilities in the industrial park of at least 50.
- Local participation in funding of industrial park roads of at least 20 percent of the approved state project construction budget.
- Dedication of the roadway and adjacent right-of-way to public use.
- State participation limited to roads within the industrial park that are one mile or less in length (South Dakota DOT, 1985).

Similarly, Virginia stipulates that unmatched state highway funding shall not exceed 10 percent of the total private capital investment in the assisted development. Florida requires that for expansions of existing facilities, at least 100 new positions must be created if the initial grant request is \$100,000 or more. The motivation for specifying match rates is to use limited state funds to leverage as much local and private funding as possible. Even states that do not have specific percentage limits have indicated that they place considerable emphasis on the relative size of the non-state funding share.

Because private sector development decisions often are made in a compressed time frame, eight states' programs include the capability for a "quick response" to funding requests for development-related highway projects. Quick-response program features apply when a development is being negotiated between a local government and private sector investors and highway facilities are a significant issue. The nature of these quick-response capabilities varies from expedited environmental review procedures in Minnesota to readily-available capital, as in Florida and Iowa and in Wisconsin's proposed program.



TABLE II

DETAILS OF SPECIAL ECONOMIC DEVELOPMENT  
HIGHWAY FUNDS/BONDING AUTHORITY

<u>State</u>	<u>Approximate Annual Budget Budget (\$ Million)</u>	<u>Program Name/Description</u>
Alabama	No annual budget	Single-bond issue of \$25 million
Alaska	No annual budget	State economic development program
Arkansas	Not reported	Industrial access roads
Florida	\$10.0	Economic Development Transportation Fund
Illinois	\$4.4	Five-year average. Part of "Build Illinois"
Iowa	\$27.5	Six-year average. "RISE" program
Kansas	\$3.0	Economic Development Fund
Kentucky	No fixed budget	Industrial access road program
Louisiana	No fixed budget	Discretionary funds
Maine	\$0.4	Federal funds
Massachusetts	\$10.0	Public Works and Economic Develop- ment Program
Michigan	\$13.3	Three-year average. Economic Development Program
Minnesota	No annual budget	Municipal bonding, reimbursed by state
New Mexico	No annual budget	Special economic development projects funded with tax
New York	\$5.0	Industrial Access Program
North Carolina	\$2.0	State Economic Development Program
Oklahoma	\$1.6	Industrial Access Road Program
South Dakota	\$0.5	Industrial Park Construction Progra
Tennessee	\$2.0	Industrial Access Road Program
Virginia	\$3.0	Industrial Access Fund
Washington	\$10.0	Community Economic Revitalization Board
West Virginia	No fixed budget	Contingency funds
Wisconsin	\$4.9	Proposed "AHEAD" Program
Wyoming	\$1.0	Industrial Road Program



### Impacts of the Programs

Because most states only recently have established transportation programs intended to bolster economic development, limited information on impacts is available. In their responses, however, three states noted specific impacts. In North Carolina road improvements costing \$4.5 million were instrumental in attracting a major office headquarters with an initial investment of over \$50 million that will employ 2,000 persons. Over the past three years, Michigan has invested \$40 million in economic development-related projects; it is believed that these improvements have been instrumental in retaining 18,000 jobs and attracting 6,300 new jobs.

The most impressive impact is reported by Florida. That state initiated its Economic Development Transportation Fund in the 1980-81 fiscal year, when \$7 million was appropriated. Since then, annual appropriations have been in the \$8.8 to \$11 million range. The Florida Department of Commerce (FDC) has estimated that the 70 projects funded by the \$36.6 million in state appropriations through the 1983-84 fiscal year have led to \$86 million in road construction. This construction has been important, FDC feels, in stimulating a total capital investment \$1.6 billion and in creating upwards of 63,000 jobs.

### DESIGNING A NEW PROGRAM: IOWA'S RISE

All of the conditions discussed earlier in this report are present in Iowa: an aging and deteriorating highway system, inadequate user tax receipts, and an economy that has performed very poorly in recent years. As part of its attempts to improve the climate for economic diversification and expansion, the Iowa General Assembly established in its 1985 session what has become known as the RISE (Revitalize Iowa's Sound Economy) program.

RISE is funded by a dedicated two-cent per gallon motor fuel tax that is expected to generate approximately \$27.5 million to \$30 million per year. The legislation establishing RISE stipulates that program funds are not to be used to support normal road maintenance, rehabilitation and development functions, but are to be used to directly facilitate and encourage economic development within the state.



In administering the program, the Iowa DOT is to consider the:

- Proportion of matching funds a political subdivision will provide.
- Proportion of private funds to be provided.
- Total number of jobs to be created.
- Level of need.
- Impact of the proposed project on the economy of the area affected.

### Policy Issues

Given the legislative mandate, the general orientation of RISE has been defined. Still, a variety of significant policy issues required attention as the program was being designed. Some of the more vexing issues are briefly summarized.

Potential Versus Need. The limited funds available could be directed toward areas within the state that have the greatest apparent potential for attracting employment-generating activities. Generally speaking, the best potential for economic development is thought to lie in suburban communities within the state's eight Metropolitan Statistical Areas (MSAs). Over the past 30 years, the populations of these communities have grown at an average rate of 282 percent (Forckenbrock, 1985, p. 32). Improving access to sites in and around MSAs could enable communities within them to compete more effectively with other Midwestern locations.

Alternatively, it would be possible to direct program funds predominately to places experiencing the greatest need for development, primarily Iowa's smaller rural communities. The state of Georgia, for example, emphasizes responding to "the increasing economic gap between our urban areas with their direct Interstate access and our isolated rural areas which lacked access to adequate multilane highways" (Hassell, 1985). From an efficiency standpoint, the greatest net benefits to Iowa almost certainly would occur with metropolitan area development projects. Yet, a genuine concern must exist as to whether it is reasonably possible to assist smaller communities which have been adversely impacted by the declining viability of agricultural operations simply by providing an improved highway system.



Industrial Characteristics. Economic base theory suggests that industries which sell their products beyond the geographic area where they are located are likely to generate the greatest amount of new income locally. A question thus arises as to whether preferences should be given to proposals involving "export" industries over retail and service activities that tend to have lower employment multipliers.\* As shown in Table I, 11 states' programs emphasize industrial development; most of them, in fact, restrict their funds to this purpose. In counterpoint, major retail facilities can serve as stimuli to local development, and especially in areas where the market potential is clear, one could contend that proposals involving retail trade deserve careful review.

Performance Measures. The state programs summarized earlier differ considerably in their use of threshold performance measures, including funding match rates. The role of these measures, of course, is to ensure that scarce funds leverage at least a minimum level of private sector or local financial involvement, as well as the desired economic impacts. The measures either can be used as indicators or as rigid funding criteria; most states appear to favor the former approach. As observed earlier, areas that are highly attractive to potential investors are likely to be able to specify more demanding measures. An alternative to the use of performance measures is negotiated agreements, whereby no prior-existing constraints exist.

Investor Commitment. A final general policy issue is whether or not to require a firm commitment from private investors before initiating the transportation improvement. If an area already has reasonably good development potential, improving its accessibility to major highways (and, hence, its competitive advantage) could induce the desired private invest-

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\*As part of this research, employment multipliers for 72 economic sectors in Iowa have been calculated using a state-level input-output model maintained by Professor Daniel Otto of Iowa State University. See Forkenbrock (1985).



ment. In a sense, the state would be speculating that its infrastructural investment ultimately would pay dividends. Alternatively, the program could require that private investors enter into a legally binding agreement prior to initiating actual construction of improved transportation facilities.

#### Major Program Features of RISE

Results of the 50-state survey discussed earlier were an important input to the process of designing Iowa's RISE program. Further advice on how to address the policy issues just presented was obtained from two advisory committees formed to lend their perspectives: one comprised of business leaders within the state and the other made up of local government officials. As the program evolved, two types of local RISE projects are possible: Immediate Opportunity Projects and Local Development Projects.

Immediate Opportunity Projects. The importance of a quick-response capability was stressed by the business leaders consulted. They observed that development agreements often emerge over a short time frame and that delays very well could jeopardize their success. Accordingly, the Iowa Transportation Commission has assured that all completed Immediate Opportunity Project applications will be acted on quickly, usually within two to three weeks.

To qualify for Immediate Opportunity Project funds, an applicant city or county must be in the process of negotiating a location decision with a developer or firm. No restrictions are placed on the types of economic activities that are eligible (i.e., they can involve retail trade as well as industrial activities). The firm must be able to provide assurance that the job creation or retention in question would not take place in Iowa without the RISE investment. The local government must demonstrate how all other infrastructural needs are or will successfully be met. Finally, a minimum 20 percent funding match for RISE funds from the private firm or the local government is required.\*

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\*The mean local funding match for the first eight RISE-funded projects is over 40 percent. As one would expect, all roadway improvements funded by RISE must be dedicated to public use, and adequate justification from a transportation engineering standpoint must exist.



Initially, the Transportation Commission decided against utilizing performance measures as formal standards for evaluating project viability. After several months' experience and reviewing other states' experiences, two performance measures now are being used as key indicators:

- Cost effectiveness: a desirable upper limit of RISE funding per job created or retained is \$3,000.\*
- Capital leveraging: the ratio of non-RISE total (private and public) capital investment to that provided by the program should be a minimum of five to one.

In developing these indicators, three sources of information were considered. First, the initial eight RISE-funded projects have a mean project cost per job created of slightly under \$3,000 and a mean total capital investment per RISE dollar requested of nearly 14 to one. Second, the mean ratio of all projects funded by the federal Urban Development Action Grant (UDAG) program through fiscal year 1984 is nearly six private dollars for every UDAG dollar (U.S. Department of Housing and Urban Development, 1985, p. 8).\*\*

The third and perhaps most definitive source of cost effectiveness and capital leveraging figures is the experience of the state of Florida. Based on 63 projects, the median capital investment by the state's Economic Development Transportation Fund (EDTF) per job created is \$733 (the maximum, however, is \$12,000), and the median ratio of total capital investment to EDTF project cost is 14 to one. Had Florida utilized the two RISE indicators, only six of the 63 projects would not have been funded.

Through its RISE Immediate Opportunity Projects, then, the state of Iowa acts as an investment partner with private sector firms by contributing substantially to the cost of needed transportation infrastructure.

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\*Jobs that are relocated within the state do not count toward net employment gains.

\*\*The minimum allowable ratio is \$2.50 in private funds per UDAG dollar invested.



Emphasis is placed on quick decision making, while minimizing the degree of speculation present.

Local Development Projects. A second, and lower priority, type of local RISE project is Local Development Projects. Communities that cannot meet the criteria for Immediate Opportunity Projects must compete with each other in an evaluation process that is conducted semi-annually. The process is based on a quantitative evaluation and rating of each completed project application submitted prior to an established deadline. These projects are expected to encompass a broad range, from those that are relatively speculative to those associated with a specific type of economic activity and perhaps even a particular firm.

To assist in evaluating Local Development projects, five factors are considered in a quantitative rating system:

- Development potential (30 points possible). This factor considers the degree of speculation associated with the economic development activity to be supported by the RISE project.
- Economic impact (30 points possible). Five indicators are used:
  - RISE cost per job created or retained.\*
  - Total jobs assisted per 1,000 population within the county.
  - Ratio of total capital investment to RISE dollars requested.
  - Ratio of private investment to total capital investment.
  - RISE cost per usable acre served.
- Local commitment and initiative (30 points possible). Three indicators are used:
  - Local match (ratio of non-RISE dollars devoted to the roadway project to total road project cost).
  - Infrastructure availability (12 items are considered).
  - Local promotional efforts (a checklist is applied).

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\*Total jobs created includes indirect "multiplier" jobs resulting from the initial investment.



- Transportation need (5 points possible). This factor compares existing transportation services with those proposed. Consistency with the local transportation improvement plan also is evaluated.
- Area economic need (5 points possible). Indicators include such measures as relative unemployment rates and local tax effort compared with local tax capacity.

Local Development Projects are intended to assist Iowa communities improve their ability to attract new economic activity. Because of the rating procedure used, communities with a need for economic development that demonstrate sound leadership and entrepreneurial ability stand a reasonably good chance of obtaining funds for at least limited transportation improvements.

#### CONCLUSION

The pursuit of economic development has become a significant policy initiative for most states. With imminent needs to rehabilitate their existing highway systems and a serious shortage of available funds, new construction must be amply justified. Increasing the competitive advantage for attracting employment-generating activities and leveraging private sector involvement are key features of these emerging programs.

Despite the similarity of their missions, the transportation-related economic development programs of the various states differ in several respects. Some are restricted to developing industrial parks and some include funding limitations based on the amount of private funds contributed or on the number of jobs created. A limited number of programs are able to make quick funding commitments to improve the chances of a successful project. The amount of funds available in most states is, as yet, quite limited, but the trend appears to be toward greater involvement.

Iowa's RISE is one of the more ambitious programs to date. Funded at a level approaching \$30 million annually, it is part of an extensive effort to strengthen and diversify the state's economy. The program involves two



general types of local projects; one is intended to facilitate developmental negotiations with private sector investors, and the other seeks to improve local communities' potential to attract economic development.\*

It is far too early to evaluate the effectiveness of RISE in helping to lure new economic activity to the state. The program has been designed with the philosophy that transportation improvements in and of themselves cannot bolster a weak economy, but they surely can contribute to a more attractive investment opportunity. Programs like RISE also produce a form of intangible benefit by conveying an image of cooperative association with private sector investors.

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\*The RISE program also has a Regional Development project category. Regional Development projects will be larger in scope than local projects and are intended to promote the economic development of multi-county or metropolitan areas.



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