

*Press Release*

*Ochs Center for Metropolitan Studies*

*Southern Environmental Law Center*

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## **Northern Beltline a poor economic development tool for Birmingham region, new study finds**

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*Birmingham* – The cost of the multi-billion dollar Northern Beltline highway to American and Alabama taxpayers far outweighs the potential for significant revenue, and jobs from the project are a fraction of what highway proponents have long claimed, according to a new economic analysis conducted by the Ochs Center for Metropolitan Studies.

The center found that the proposed \$4.7 billion beltline would create about 2,800 jobs per year over a 17-year construction phase, far from the 70,000 jobs touted by project boosters. The report also notes that most of the jobs would pay less than \$35,000, and that there is no guarantee the jobs would go to Alabama residents. Any permanent jobs would not fully materialize until the project is complete, which the Alabama Department of Transportation recently estimated would not be for at least 35 years.

“The bottom line here is that from a sheer business perspective, the return-on-investment for this very expensive project is quite low,” said Ken Chilton, president of the Ochs Center and lead researcher for the report, [\*If You Build It, Will They Come? Reassessing the Economic Impacts of the Northern Beltline Project.\*](#) Among other things, the Ochs Center report critiques a 2010 report by the Center for Business and Economic Research (CBER) of the University of Alabama and compared Northern Beltline with economic development patterns and activities in other cities in the region. The report was commissioned by the Southern Environmental Law Center on behalf of Black Warrior Riverkeeper.

“The CBER appears to have cherry-picked certain information, used obsolete data to forecast jobs, and relied on shaky assumptions to arrive at the absolute best possible case scenario. Our analysis indicates that the beltline would not replicate the growth experienced along the I-459 corridor,” Chilton said.

His analysis found that the CBER’s projection of 69,535 construction-related jobs generated over 17 years is actually the number of “job-years” of work the Northern Beltline would produce. One “job-year” is one job held by one person for one year. The number of actual jobs is closer to 4,000 per year. Yet even that is likely high, the Ochs Center found, because the CBER relied on 10-year-old data from the Federal Highway Administration regarding the number of jobs that could be expected from federal highway-construction aid, which has since been recalculated. Hence, the more accurate number of annual construction jobs from the Northern Beltline over 17 years is 2,805, according to the Ochs Center.

“For an expenditure of taxpayer dollars of this magnitude, the Birmingham community deserves a much more in-depth, thorough analysis of the project’s costs and transportation alternatives that could be achieved faster, at less cost and with better economic results than has so far been offered by beltline boosters,” said Gil Rogers, senior attorney with the Southern Environmental Law Center.

Among the Ochs Center’s other findings:

- CBER’s 2010 study failed to apply “discounted” values to its results as is standard practice for economic analysis. According to the Ochs Center, if construction of the Northern Beltline took 17 years, the discounted cost to American taxpayers per 2012-equivalent job would be about \$302,000. If it took 30 years, which is more in keeping with the latest estimate from ALDOT, the discounted cost per job would be closer to \$456,000.
- Looking at the cost to Alabama taxpayers for the state’s \$1 billion share of the highway, the discounted cost per job would run between \$91,203 and \$147,384. Notably, most of the jobs generated at these costs would pay less than \$35,000 per year.
- The CBER study assumes that construction activity would not negatively affect any of the 7,500 existing firms located in the Northern Beltline corridor or their 45,000 employees. If any firms were disrupted, displaced or acquired for construction purposes, those job losses must be subtracted from the total number of jobs projected to be created by this project.
- The CBER study fails to account for other costs necessary to generate potential economic development once beltline construction is complete, in particular the cost to localities of providing sewer and other essential infrastructure. The Northern Beltline would run through largely rural areas where topography would make sewer service extremely difficult. In addition, investment in schools, crime prevention, and other services that are vital to attracting residents and businesses must also be accounted for in a proper cost/benefit analysis.
- Beltlines do not automatically generate growth. The Ochs Center looked at southeastern cities and found no consistent relationship between the presence or absence of a beltline and the unemployment rate in a particular metropolitan area. Bessemer, for example, which is located near both I-459 and I-20/59, has not experienced appreciable population or business growth in the last decade despite this interstate access.

“This report ought to give our local and state leaders pause before committing billions in limited taxpayer dollars to a project whose economic promise is weak and whose payoff, if any, won’t occur for decades,” said Nelson Brooke with Black Warrior Riverkeeper.

Chilton has an extensive background in applied community planning and community-based research, including redevelopment of blighted properties, community reinvestment in lower income neighborhoods and measuring the economic, social and community health impacts of brownfields redevelopments. He received his BA from Centre College, and his MPA and PhD from the University of Louisville. Prior to joining the Ochs Center, he was the Director of Research at the Kentucky Legislative Research Committee’s Office of Education Accountability.

Peter B. Meyer, who also contributed to the Northern Beltline report, was president and chief economist of The E.P. Systems Group, Inc., a private research firm engaged in economic development and environmental policy work here and abroad for over 30 years. A specialist in community and local economic development, Meyer is professor emeritus of Urban Policy and Economics and director emeritus of the Center for Environmental Policy and Management at the University of Louisville.

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The [Ochs Center for Metropolitan Studies](#) conducts independent data analysis and policy research to improve the quality of life in the Chattanooga region.

The [Southern Environmental Law Center](#) is a regional conservation organization using the power of the law to protect the health and environment of the Southeast (Virginia, Tennessee, North and South Carolina, Georgia, and Alabama). Founded in 1986, SELC's team of 50 legal experts represent more than 100 partner groups on issues of climate change and energy, air and water quality, forests, the coast and wetlands, transportation, and land use.