

ON CONSTRUCTION JOBS IN THE HIGH SPEED RAIL PROJECT

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From the authors of *The Financial Risks Of California's Proposed High-Speed Rail Project* and six Briefing Papers. Available at <http://www.cc-hsr.org/>

Finding: Accurate construction jobs forecasts are important to Californians

Background: In 2008 the High-Speed Rail Authority (CHSRA) said "*Experts calculate about 160,000 job years will be needed to construct the high-speed train . . .*"¹ . . . "A year later the CHSRA's 2009 Plan claimed the LA-SF project would create;". . . *the equivalent of 600,000 full time, one-year construction jobs over the course of its construction.*"². How can the CHSRA's experts' forecast of 2009 be nearly four times their 2008 forecast?

Bureau of Labor Statistics' (BLS) methods for computing jobs per dollar of construction are that for every \$1Million spent, three full time equivalent (FTE) construction job years are created. This results in 129,000 job years or about 13,000 FTEs. The CHSRA's forecast is fourteen job years per \$1Million (600,000 job years divided by \$43Billion of construction costs); five times the BLS standards.

Californians Advocating Responsible Rail Design (CARRD) found that "*Over the 10 years that planning and construction are expected to last, this would mean about 7,500 more Californians at work each year.*"³ Even assuming that most of the construction materials were California-produced, CARRD concluded the total to be 10,000-12,000 FTE construction jobs for the LA-SF project.

Independent economist, Claire Starry, using methods employed by the California Department of Labor, concluded that between 8,000 and 11,000 FTE jobs would be created building the LA to SF Phase One – a range of 80,000 to 110,000 job years.⁴

These estimates – 8,000 to 13,000 – bracket a range of forecasted FTE construction jobs by independent experts using nationally accepted BLS methods. How can CHSRA's 2009 forecast of five to seven times those numbers – 60,000 FTEs over the decade of design and construction – differ so widely from the standards?

Conclusions: The two CHSRA construction job creation forecasts contradict one another; and compared with other approaches, appear to be wildly optimistic.

California's Legislature, which has fiduciary responsibility for this project, should demand an independent analysis of a range of construction jobs, and total California jobs that will be generated by each segment of the proposed project.

¹ California High-Speed Rail Authority CHSRA; California High-Speed Train Business Plan; November 2008; pg.12.

² HSRA Report To The Legislature; December 2009; pg. 110.

³ Source: "Factcheck on Jobs" – a pdf file, December 2009; by Elizabeth Alexis, Californians Advocating Responsible Rail Design (CARRD). <http://www.calhsr.com/>

⁴ Claire Starry, PhD, is the President of TDS Economics, focused on transportation economics. Credited with more than 25 publications, Dr. Starry was a co-author of ridership forecasts for Spain's high-speed rail system while at Stanford Research Institute.