FY 1999 Final Report

Transportation Enhancements

Summary of Nationwide Spending & Policies as of FY 1999

MAY 2000

Compiled by the
National Transportation Enhancements Clearinghouse

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Transportation Enhancements: Summary of Nationwide Spending and Policies is a report prepared annually by the National Transportation Enhancements Clearinghouse (NTEC). It provides a summary of state and national spending trends for the Transportation Enhancements (TE) program in ISTEA and TEA-21. The report establishes a framework for examining the programming and obligation rates of TE funding, calculating the distribution of TE funds across the various Transportation Enhancement Activities, and understanding the policies states establish to govern implementation of their TE programs. While NTEC was able to gather complete obligation and reimbursement data for each state, NTEC's request for programming data from state Departments of Transportation yielded complete data from 30 states. NTEC's main conclusions about the status of TE are thus focused on the obligation and reimbursement data, with programming as an important and still revealing, yet less complete, component of the TE picture. At this point in time, fully two years away from the close of ISTEA and two years into TEA-21, this edition of *Transportation Enhancements: Summary of Nationwide Spending and Policies* provides a look at the past and insightful view into the future of the Transportation Enhancements program.

PROGRAM BENCHMARKS: PROJECT SELECTION, OBLIGATIONS AND REIMBURSEMENTS

This report has established a framework for analyzing the progress states make with regard to spending TE funds: *Programming* tracks funding at the point of project selection, *Obligations* track the Federal commitment to spend, and *Reimbursements* represent completed work on the ground (for more information see Appendix A).

As of October 1999, NTEC has documented more than 10,758 funding awards (programmed projects) in the eight-year life span of the TE program, providing $3.27 billion dollars to TE projects. Including NTEC's documented and estimated but undocumented TE spending, almost 95 percent of the $3.83 billion in available funds has been awarded to specific projects (see Table 1). However, obligation levels are not as high. Only 65.5 percent of available funds have been obligated, a benchmark which measures the legal commitment of both the states and the Federal government to expend money on specific projects. Moreover, only 44 percent of all TE funds have been fully reimbursed, a measurement of completed projects on the ground (see Table 1).

Table 1: Transportation Enhancements Financial Summary

Cumulative Programming, Obligations, Reimbursements and Transfers

Available in ISTEA and TEA-21:	$3.83 Billion	100%

This figure is derived by compiling the actual TE apportionments for each state. Six years of funding was apportioned under ISTEA (FY1992 - FY1997). Two years of funding has been apportioned under TEA-21 (FY1998 and FY1999).

Programmed Under ISTEA and TEA-21:	$3.62 Billion	94.5%
NTEC-documented projects	$3.27 Billion	85.4%
Additional estimated programming	$ .35 Billion	9.1%

This cumulative figure is based on eight years of collecting TE project awards made by state DOTs. It is approximate because NTEC does not have complete and/or current project award data from about 20 states (See *The Data*). After adjusting for these data gaps, and other factors (see *Major Findings - Part 1*) NTEC estimates that between FY1992 and FY1999, states have programmed approximately 94.5 percent of available Enhancement funds.

Obligated by State DOTs:	$2.51 Billion	65.5%

The obligation figures used in this report were provided by FHWA and are current to September 30, 1999. They are cumulative for Fiscal Years 1992-1999. Obligations generally represent projects that are ready to go. Because the figure is cumulative it also represents all completed projects as well.

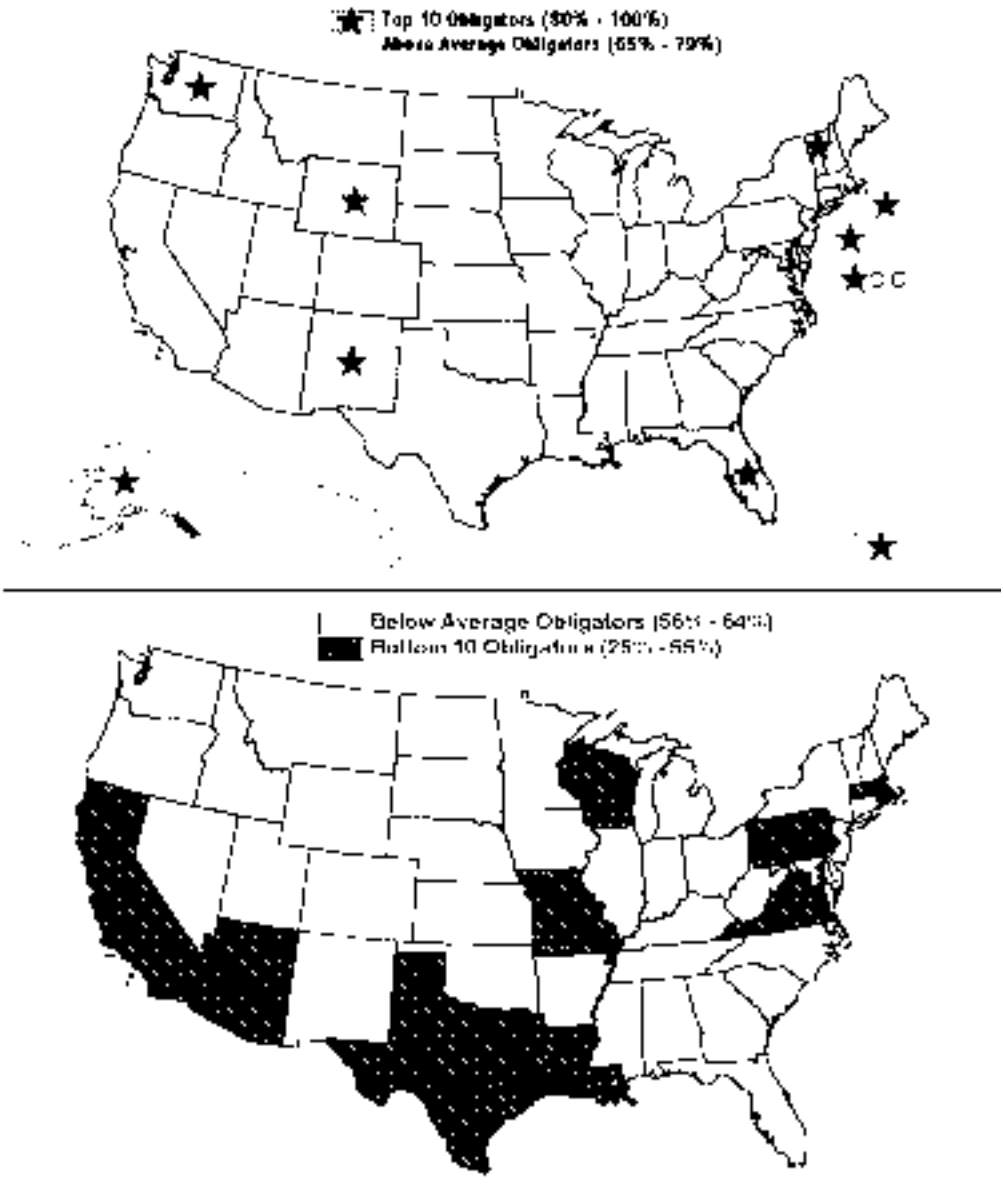
Reimbursed (Spent):	$1.68 Billion	43.9%

This figure represents the cumulative amount of funds FHWA has reimbursed to the states for work completed, as of September 30, 1999. As such, it represents both the amount of funds spent on completed projects and amount spent on completed portions of projects that are currently underway.

Available to Transfer under TEA-21, approximately	**$23 Million**
Actual TE Transfers Made, as of September '99	**$1 Million**

Despite the low national obligation rate, eight states plus Puerto Rico and the District of Columbia have obligated over 80 percent of their available funds, including Alaska, Florida, Wyoming, Washington, Connecticut, New Mexico, Vermont, and New Jersey. Ten others have obligated less than 55 percent, including California, Rhode Island, Pennsylvania, Arizona, Massachusetts, Virginia, Missouri, Texas, Louisiana, and Wisconsin (see Figure 1).

Figure 1: Cumulative TE Obligation Rates – 1992 to 1999
Average Obligation Rate is 65%



Over the same period, National Highway System Funds were obligated at 100 percent and Congestion Mitigation and Air Quality Improvement funds were obligated at 78 percent. Congress has given states enough spending authority to obligate 90 percent of all programs subject to the annual spending limits, yet many states do not distribute this spending authority proportionately among the various programs.

In 1996, the Federal Highway Administration (FHWA) established 75 percent as a national goal for TE obligations, however it is yet to be achieved. In 1996, the cumulative TE obligation rate was 64 percent; in 1997, 65 percent; in 1998, 68 percent; and in 1999, 65.5 percent. Achieving a 90 percent obligation rate would put TE on par with other Federal-aid highway programs, but this would require states to obligate $3.5 billion over the next four years – 1.3 times as much as they obligated over the first eight years of the TE program.

Project Spending Distribution

Fully 54 percent of funds is going to bicycle and pedestrian and trail projects, up from 50 percent in 1994. Over 25 percent is going to historic preservation and historic highway programs; 19 percent is going to landscaping, acquisition of scenic easements, billboard control and scenic highway programs; and 1.3 percent is going to mitigation of highway runoff and wildlife crossings.

The New TEAs created by TEA-21: TEA-21 created two new TEA categories and added additional provisions for two other specific activities. NTEC identified the following funding levels for these four activities. These types of projects would not have been separately eligible for TE funds had the new activities not been added or emphasized in TEA-21.

Activity	Number of Projects	Amount of Funding
Bicycle/Pedestrian Safety & Education	9	$230,968
Tourist and Welcome Centers related to Scenic and Historic Sites	58	$26,333,491
Wildlife Undercrossings	5	$111,800
Transportation Museums	29	$7,823,571

A Closer look at Preservation of Historic Transportation Facilities: TE funds have contributed to the preservation of many of America's historic transportation structures. While literally hundreds of historic railroad depots have been saved from neglect and eventual demolition, it is even more impressive to note that 123 of these depot and depot-related projects directly support Amtrak passenger service. Moreover, 37 historic preservation projects have enabled other types of public transit service to stay in business at their current location and preserve community character, architecture and history at the same time. The following list provides a sampling of funding levels and project counts for various types of historic transportation infrastructure that has been preserved, restored or rehabilitated:

Activity	Number of Projects	Amount of Funding
Historic Amtrak Depots	123	$89,148,569
Other Historic Railroad Depots	409	$107,722,310
Historic Transit Facilities	37	$37,955,946
Historic Bridges	637	$230,445,414
Historic Streetscapes	259	$76,764,675
Historic Canal Facilities	151	$123,385,652

TE Program Policies

In addition to changes to the TE categories, TEA-21 opened new options for innovative financing of projects and continued ISTEA's emphasis of public participation in transportation funding decisions. NTEC identified the following trends related to these issues:

- 25 states have citizen representation on TE Advisory Committees that are involved in project review and selection. This is up from 20 states in 1996.
- 25 states provide flexibility for local sponsors in meeting the requirement to provide match for Federal funds. Flexibility takes various forms, including program-wide reduction of the standard 20 percent matching ratio, or offering any of the various innovative finance provisions of TEA-21 and prior transportation laws. Innovative finance techniques can include: a) offering match credit for engineering and design costs, ROW expenses, or use of local forces, or b) use of the value of donated land, materials, labor, consulting services, etc., toward meeting the required match.
- The average project match, nationally, is 27.4 percent, a significant amount above the standard 20 percent match called for in ISTEA and TEA-21. This high level of match was achieved despite increased use of the special provisions allowing for reduced or zero match for some projects. This is a wide spread occurrence: 39 states and Puerto Rico have an average match above 20.1 percent, and 14 of these states have an average match above the national average of 27.4 percent. Two factors may contribute to the broad trend toward high match funding: 1) a large number of states have adopted project selection policies that create an incentive for local project sponsors to provide higher than standard match levels, and 2) many projects share a high level of local support and enthusiasm which is often demonstrated by local government sponsors and/or non-profit/private sector supporters by providing more than the standard 20 percent match.

Conclusion

This report provides a snapshot of spending and policy trends for the Transportation Enhancements program. It is the result of eight years of gathering and analyzing TE data, most recently in the fall of 1999. While NTEC was unable to gather current TE programming data from all the states, the programming data NTEC did receive combined with the obligation and reimbursement data NTEC gathered for every state, provide an important perspective on where Transportation Enhancements stands today.

Major trends NTEC has identified include a relatively high national programming rate – 95 percent; a low national obligation rate – 65.5 percent; and an even lower national reimbursement rate – 44 percent. These figures suggest that the first step in getting TE projects on the ground, project selection, is being accomplished by most states on a fairly routine basis. The second and third steps of project implementation – obligation of funds and actual implementation – are where the obstacles lie. The ten states with TE obligation rates over 80 percent do seem to suggest that the most significant obstacles to more effective TE program implementation may be state specific.

While these rates are low, NTEC did find over 100 examples of programmed projects in the new TEA-21 Enhancements activities, suggesting the states have begun to adopt some of TEA-21's changes to project eligibility. Moreover, about half of the states are making use of TEA-21's new innovative finance policies. NTEC also found an increase in public involvement in the selection of TE projects and some frequency in adoption of flexible streamlining measures, yet not all states take advantage of these opportunities for improved TE delivery.

This report thus illustrates that while the TE program has awarded funds to over 10,000 projects that enhance the transportation experience in the United States, it may be necessary to further examine project implementation policies and practices to identify impediments to the successful execution of Transportation Enhancements activities.

The purpose of this report is to provide a comprehensive summary of Transportation Enhancements (TE) program spending and state policies at both the national and state levels. In the past, this information has proved useful for a wide range of TE program stakeholders, including state TE program managers, other state transportation officials, Members of Congress and elected officials at all levels, the media, various professional associations involved with the TE program and public interest groups concerned with transportation, community development, and the environment.

The report is organized into four sections: *Introduction, Background, The Data* and *Major Findings*. The *Background* section provides a brief history of the Transportation Enhancements program and notes some of the changes in the program resulting from the Transportation Equity Act for the 21st Century (TEA-21). The section on *The Data* cites the sources for data used in the report, the methodology of data collection, and the currency of the various data presented.

The section on *Major Findings* presents the most important findings revealed through simple analysis of the data. The findings are organized into three parts: 1) TE Program Benchmarks, which addresses *programming*, *obligation*, and *reimbursement* levels; 2) Trends in TE Program Policy, and 3) Project Spending: Distribution Across the TEAs and other Trends.

While the section discussing TE Program Benchmarks offers a framework for measuring basic progress in TE spending, it should be noted that this report does not serve as a performance evaluation of any particular state Transportation Enhancements Program.

In August 1999, NTEC published an *Interim Report* based on spending data issued at the mid-point of FY 1999 (March 31, 1999). This report is based on FY 1999 year-end obligation data, issued by the FHWA September 30, 1999.

Background: A History of Transportation Enhancements

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 established a dedicated funding stream for a set of ten newly defined Transportation Enhancement Activities (TEAs). Ten percent of the Surface Transportation Program was set aside for activities including development of bicycle and pedestrian facilities, scenic beautification, historic preservation and mitigation of highway runoff (a detailed list of TEAs is provided below).

ISTEA's dedication of a portion of Federal-aid highway funds specifically for Transportation Enhancements demonstrated a significant shift in national transportation policy. Prior to ISTEA, only a few of these activities had been eligible for Federal-aid funding and they were often not included in the normal routine of planning and building highways. Under ISTEA, Congress ensured that funding would be available for the bicycle and pedestrian modes of transportation and for the preservation and enhancement of many of the nation's scenic, historic, and environmental resources that exist in a transportation context.

In 1998, the Federal-aid highway programs were re-authorized again, this time through the Transportation Equity Act for the 21st Century (TEA-21). The ten percent set-aside for TE was continued and funding levels were increased by 40 percent. Moreover, two activity areas were broadened, and two new activities were added.

Transportation Enhancement Activities: There are twelve eligible Transportation Enhancement Activities – ten established by ISTEA, two added by TEA-21 and two broadened by TEA-21. The twelve TEAs are paraphrased below, with *italics* added to show the four TEA-21 modifications:

1. Provision of pedestrian & bicycle facilities
2. *Provision of safety & educational activities for pedestrians & bicyclists*
3. Acquisition of scenic easements & scenic or historic sites
4. Scenic or historic highway programs (*including provision of tourist & welcome center facilities*)
5. Landscaping & scenic beautification
6. Historic preservation
7. Rehabilitation & operation of historic transportation buildings or facilities
8. Preservation of abandoned railway corridors & conversion to rail-trails
9. Control & removal of outdoor advertising
10. Archaeological planning & research
11. Environmental mitigation of highway runoff *& provision of wildlife undercrossings*
12. *Establishment of transportation museums*

Transportation Investments that Enhance Communities: In general, Transportation Enhancements are small scale projects, initiated at the local level by city or county governments or community-based organizations. TE projects can also be initiated by state Departments of Transportation, other state agencies, or even Federal agencies. If they are determined to be above and beyond any required environmental mitigation, they can be an innovative or add-on component of a larger highway or public transit improvement project. In each of these contexts, TE projects typically make significant contributions to community and neighborhood livability and provide direct economic benefits, in addition to being a surface transportation-related improvement.

Transportation Enhancements Programs: The Federal Highway Administration (FHWA) is responsible for administering the TE provisions of Federal law. This is accomplished through the Office of Human Environment in Washington, DC and the FHWA field offices located in each of the fifty states, Puerto Rico and the District of Columbia. As with most Federal-aid highway funding, TE money is apportioned to each state on an annual basis and administered by each state Department of Transportation. Determining project eligibility is one of the primary responsibilities of FHWA; for a project to be eligible it must be included on the list of twelve eligible activities and it must relate to surface transportation. States may have additional eligibility requirements.

Beyond the apportionment of money and determinations of project eligibility, Federal transportation law provides a large measure of flexibility to states with regard to managing and administering TE funds. As a result, state Departments of Transportation utilize a wide range of approaches to soliciting and selecting TE projects; involving local project sponsors; administering the various Federal options for financing of matching funds; and managing project development and construction contracting. Collectively, these approaches and procedures are now commonly referred to as Transportation Enhancements Programs (TEPs) and every state publishes a document describing its unique TEP guidelines and policies. For more information about particular state TE Programs, readers are advised to contact the TE Program Manager in the particular state. A current list of TE Program Managers can be obtained from the National Transportation Enhancements Clearinghouse (NTEC), along with other useful documents. See below for contact information.

Additional Information: NTEC's Web site features information and publications on TE, including guidebooks to TE, state TE project lists and program profiles (includes state DOT contact information), and FHWA Guidance on TE activities. Log on at www.enhancements.org, or call NTEC toll-free at 888-388-6832 or email ntec@transact.org.

The Data

The information in this report is based on data developed and maintained by the National Transportation Enhancements Clearinghouse (NTEC). The Transportation Enhancements Database was created by Rails-to-Trails Conservancy in 1993 and has been managed and updated by NTEC since 1997.

New TE spending data are gathered and compiled semi-annually by NTEC staff. The new data in this report were gathered and compiled in the period between June and October 1999. State Departments of Transportation provided the data on programming. Data provided by the states include the amounts of Federal and matching funds programmed for each TE project, as well as other descriptive project information. It should be noted that some states do not report all of the projects which they have programmed. Apportionment, obligation and reimbursement data are provided by the FHWA. Since programming and obligation data are from different sources, they will never be identical.

The programming data used in this report represent cumulative project awards reported to NTEC through the fall of 1999. During the most recent data collection period, new programming data were compiled for 30 states (see states listed in first two bullets below). Data submitted in 1999 by Iowa, Montana and West Virginia were insufficient to categorize their data as complete. Unfortunately, every state did not provide programming data for this report. In September 1999, NTEC requested data updates from all the states, except those for which data was already current. Following is a list describing the data reporting status of each state (for a definition of status terms please see the Appendix C):

- *Data updated in March '99, not asked to Submit in September '99*: Connecticut, Delaware, the District of Columbia, Hawaii, Louisiana, Missouri, Nebraska and New Hampshire
- *Submitted a complete data update*: Florida, Georgia, Idaho, Illinois, Kansas, Kentucky, Maryland, Michigan, Mississippi, Nevada, North Dakota, Ohio, Oregon, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming
- *Submitted a partial data update*: Iowa, Montana, West Virginia
- *Submitted an inadequate data update*: Arizona, Arkansas, Maine, Oklahoma
- *Reported no new data to submit*: New Jersey, New York, Texas and Puerto Rico
- *Not able to compile and submit new data*: Alaska, Alabama, California, Colorado, Massachusetts, New Mexico, and Pennsylvania.
- *No response*: Indiana, Minnesota, North Carolina and South Carolina

Data updating activities carried out by NTEC in 1999 resulted in providing a comprehensive and current set of project awards for 30 states. In a few states, the timing of project selection processes resulted in the absence of current programming data. In as many as eighteen states,

NTEC data is not current and comprehensive because state DOTs have not been able to provide data to NTEC. As NTEC is able to collect current data from the missing states, it will attach addenda to future copies of this report.

A Profile of the Transportation Enhancements Database: The database of programmed projects contains 10,758 project records. The fields for each record include: *State*, *Project Name*, *TEA Category*, *TEA Subtype*, *Year*, *ID number*, *City*, *County*, *Phase*, *Federal Amount*, *Match Amount*, *Total Funding*, and a few additional fields to keep track of special project attributes. Project descriptions beyond the short entries in the *Project Name* field are provided for less than ten percent of all projects. Moreover, information such as Congressional District, linear length, state DOT ID number, state DOT sub-state district identification, status toward completion, and project endpoints is only available for a small portion of the projects in the database.

The database also tracks aggregate state data and other state level information, including contact information for each state TE Program Manager; apportionment, programming, obligation, and reimbursement totals; and a series of fields that focus on the policies which states establish to govern TE programs. In general, state program and policy elements include:

- project selection processes and authorities,
- advisory committee powers and characteristics,
- match and other financial policies, and
- suballocation and set-aside policies.

All of the described data fields are key to NTEC's ability to track the spending of TE funds and policies regarding TE project implementation. It is from this information that NTEC is able to produce its analyses of the status of Transportation Enhancements nationwide.

Major Findings

The major findings presented in this report are organized into three parts: 1) TE Program Benchmarks, 2) Trends in TE Program Policy, and 3) Project Spending: Distribution Across the TEAs and other Trends.

The purpose of this report is to help readers assess progress in Transportation Enhancements spending activity nationally and by state. Part One presents data for each of three important benchmarks in the spending process: *Programming*, *Obligations*, and *Reimbursements*. *Transferability*, a new provision created by TEA-21, is also addressed in Part One. For a full explanation of each of these terms, please see Appendix A.

Part Two addresses trends in state TE program policy, such as the use of advisory committees in project selection, minimum and maximum award limits, rules regarding matching funds and whether or not states suballocate TE funds to sub-state jurisdictions.

Part Three focuses on the distribution of spending across the Transportation Enhancements Activities as well as other spending trends. A special focus is made on the four new activities created in TEA-21.

Part 1—TE Program Benchmarks

Six years of apportionments under ISTEA and two years under TEA-21 have made available a total of $3.83 billion for Transportation Enhancements. A full accounting shows that about 95 percent of these funds have been programmed, 65.5 percent obligated and 44 percent reimbursed (see Table 1 on page 2), but what do those numbers really mean? How does the TE program compare to other transportation funding programs?

The Surface Transportation Policy Project recently analyzed FHWA spending data and found that National Highway System funds have been obligated at 100 percent. Congestion Mitigation and Air Quality Improvement (CMAQ) funds have been obligated at 78 percent.[1] Similar numbers are not available to compare programming and reimbursement of funds, however comparing obligations is the best way to put programs into context.

On the following pages, NTEC offers some understanding of these numbers that will allow readers to evaluate the TE program's progress to date.

Programming: NTEC has documented project awards totaling $3.27 billion, fully 85 percent of all available funds. While this is a solid number it must be tempered with a couple of caveats. First, it does not include project selections that are known to have taken place, but are as yet undocumented by NTEC. A number of large states reported to NTEC that project selections were in process during the most recent data collection period, and thus were not able to compile and submit project level data. These states included California, New Jersey, New York, Texas and Pennsylvania. Considering the high levels of funding that are being programmed in these states, NTEC estimates that an additional $400 million should be added to any national total of programmed funds.

Secondly, a close look at NTEC programming data and FHWA obligation data (see Table 2) shows that eleven states have cumulative obligation levels that are greater than cumulative programming levels (AL, AK, AR, MN, MT, NM, NC, OK, PR, SC, WV). Because all projects must be programmed before they can be obligated, this is an indication of about $97.1 million in project funding that is unaccounted for in the NTEC database. This undocumented funding must also be added to any national programming total.

Third, it should be noted that NTEC data includes $152.2 million of programming for the years 2001 and beyond. In a calculation of a national total, this must be subtracted, otherwise the advance programming of certain states will mask the under programming of others.

Finally, in determining a programming rate one must decide whether any future funding will be included in the amount that is determined to be *available.* Programming is by definition planning for the expenditure of future funds, and in this context it would be logical to add the FY 2000 apportionment, which became available to states October 1, 1999, into a full calculation of available funds. However, in the context of this report, which looks at activity as of the end of FY 1999, we have decided to include only FY 1992 - FY 1999 apportionments in determining the total available.

Based on the above information, NTEC estimates the nationwide programming rate to be 94.5 percent. To obtain this estimate, NTEC did the following: 1) added the $400 million estimated undocumented TE projects to the $3.27 billion in documented TE projects, and 2) added the $97.1 million unaccounted for in NTEC's database but shown in obligations, for a total of $3.76 billion; 3) NTEC then subtracted $152 million of future programming from $3.76 billion, for a grand total estimate of $3.62 billion in programmed TE projects.

On the face of it, programming at just under 100 percent seems to suggest that states are spending TE funds at an appropriate pace. However, because programming would ideally take place before funds are actually made available, a reasonable case could be made for setting the programming target at 110-115 percent of available funds. This target would not be inappropriate given the programming context we have set forth in this report.

Another way to look at it would be to count absolutely all programming, even that for future years, but add to the available column the $685 million apportioned to the states in October 1999 for FY 2000. Using NTEC's data, this approach produces a programming rate of 83 percent, in a context where 100 percent would be the reasonable goal. Either way, it appears that programming nationwide is up, but not as high as it might be reasonably expected to be.

Obligations: As of September 30, 1999, only 65.5 percent of available funds had been obligated, making FY1999 the fourth year in a row that obligations failed to rise above 70 percent nationwide. In 1996, FHWA established 75 percent as a national goal for TE obligations, however it is yet to be achieved. In 1996, the cumulative TE obligation rate was 64 percent; in 1997, 65 percent; in 1998, 68 percent.

Table 2: State TE Program Benchmarks

	AVAILABLE	PROGRAMMED				OBLIGATED			REIMBURSED		
	FY 92-99	thru Oct. 1999				thru 9/30/99			thru 9/30/99		
State	ISTEA & TEA-21 Apportionment	Project Award Total	Date of most Recent Data	Rate	Rank	Obligations	Rate	Rank	Reimbursement	Rate	Rank
Alabama	$77,513,485	$44,229,541	Oct-96	57.1%	NR	$54,633,587	70.5%	25	$34,795,365	44.9%	28
Alaska	$80,706,809	$55,197,922	Oct-96	68.4%	NR	$80,689,564	100.0%	2	$68,460,244	84.8%	1
Arizona	$59,791,009	$36,627,247	May-98	61.3%	NR	$29,682,933	49.6%	46	$21,152,945	35.4%	42
Arkansas	$49,095,680	$17,645,696	Jun-95	35.9%	NR	$27,708,600	56.4%	41	$21,605,220	44.0%	30
California	$320,974,410	$213,786,400	Feb-97	66.6%	NR	$172,712,913	53.8%	43	$99,657,798	31.0%	45
Colorado	$55,107,942	$43,968,379	May-98	79.8%	NR	$42,613,695	77.3%	12	$32,888,806	59.7%	9
Connecticut	$74,139,667	$81,518,961	Mar-99	110.0%	15	$70,868,715	95.6%	6	$48,164,563	65.0%	7
Delaware	$22,348,505	$20,002,233	Mar-99	89.5%	21	$15,409,267	68.9%	30	$10,314,030	46.2%	27
Dist. of Columbia	$17,544,130	$32,012,566	Mar-99	182.5%	1	$14,884,257	84.8%	9	$9,523,092	54.3%	16
Florida	$191,354,787	$272,669,743	Sep-99	142.5%	2	$191,232,961	99.9%	3	$137,551,101	71.9%	4
Georgia	$126,670,840	$167,475,295	Sep-99	132.2%	7	$86,616,357	68.4%	31	$54,032,804	42.7%	32
Hawaii	$44,067,521	$35,186,841	Mar-99	79.8%	24	$30,521,897	69.3%	29	$17,754,793	40.3%	36
Idaho	$34,346,272	$42,540,980	Sep-99	123.9%	8	$19,126,658	55.7%	42	$14,954,399	43.5%	31
Illinois	$162,948,852	$186,916,452	Sep-99	114.7%	12	$103,435,076	63.5%	37	$80,622,347	49.5%	20
Indiana	$98,411,278	$65,192,478	May-98	66.2%	NR	$62,805,217	63.8%	36	$46,250,407	47.0%	26
Iowa	$55,096,268	$42,518,273	Sep-99	77.2%	NR	$31,549,918	57.3%	39	$19,894,359	36.1%	40
Kansas	$48,490,804	$45,931,478	Sep-99	94.7%	19	$35,905,661	74.0%	21	$23,468,228	48.4%	22
Kentucky	$66,437,411	$58,447,122	Sep-99	88.0%	22	$50,134,200	75.5%	16	$26,309,909	39.6%	37
Louisiana	$55,863,225	$42,144,447	Mar-99	75.4%	27	$16,912,648	30.3%	51	$7,896,261	14.1%	52
Maine	$23,147,516	$17,692,168	Oct-97	76.4%	NR	$16,226,562	70.1%	27	$12,631,052	54.6%	14
Maryland	$56,456,286	$62,013,516	Sep-99	109.8%	16	$41,374,822	73.3%	22	$23,812,462	42.2%	34
Massachusetts	$73,693,943	$34,931,771	Feb-97	47.4%	NR	$34,796,003	47.2%	47	$11,599,396	15.7%	51
Michigan	$107,042,774	$118,698,872	Sep-99	110.9%	14	$60,479,234	56.5%	40	$34,540,929	32.3%	44
Minnesota	$74,252,064	$51,858,691	Mar-99	69.8%	NR	$56,176,042	75.7%	13	$49,309,354	66.4%	5
Mississippi	$47,334,824	$66,242,808	Sep-99	139.9%	4	$30,411,157	64.2%	34	$16,921,007	35.7%	41
Missouri	$76,869,144	$51,742,376	Mar-99	67.3%	29	$31,744,647	41.3%	49	$19,766,554	25.7%	48
Montana	$41,067,618	$28,656,096	Sep-99	69.8%	NR	$32,044,085	78.0%	11	$19,647,261	47.8%	24

Nebraska	$39,651,896	$30,148,714	Mar-99	76.0%	25	$28,385,402	71.6%	23	$19,098,128	48.2%	23
Nevada	$32,126,097	$38,981,358	Sep-99	121.3%	9	$22,309,017	69.4%	28	$18,280,865	56.9%	12
New Hampshire	$23,432,786	$31,158,233	Mar-99	133.0%	6	$17,722,551	75.6%	14	$13,586,031	58.0%	10
New Jersey	$81,230,282	$72,811,393	May-98	89.6%	NR	$67,322,458	82.9%	10	$42,721,979	52.6%	18
New Mexico	$48,818,158	$34,568,000	Feb-96	70.8%	NR	$44,403,371	91.0%	7	$32,206,469	66.0%	6
New York	$162,089,367	$134,071,399	Oct-96	82.7%	NR	$121,585,209	75.0%	18	$62,880,529	38.8%	38
North Carolina	$111,032,267	$70,947,695	May-98	63.9%	NR	$78,040,954	70.3%	26	$52,673,946	47.4%	25
North Dakota	$32,844,091	$39,049,412	Sep-99	118.9%	10	$24,838,945	75.6%	15	$20,152,338	61.4%	8
Ohio	$128,197,532	$96,933,491	Sep-99	75.6%	26	$90,722,914	70.8%	24	$69,883,079	54.5%	15
Oklahoma	$63,495,590	$39,448,185	May-98	62.1%	NR	$47,305,512	74.5%	20	$24,234,710	38.2%	39
Oregon	$44,398,042	$47,685,743	Sep-99	107.4%	18	$29,047,500	65.4%	33	$23,886,275	53.8%	17
Pennsylvania	$89,774,744	$61,110,506	May-98	68.1%	NR	$45,883,510	51.1%	45	$24,727,704	27.5%	46
Puerto Rico	$15,520,839	$14,847,118	Feb-97	95.7%	NR	$15,520,839	100.0%	1	$6,558,687	42.3%	33
Rhode Island	$20,008,367	$26,717,426	Sep-99	133.5%	5	$10,470,998	52.3%	44	$8,223,266	41.1%	35
South Carolina	$61,501,385	$23,508,156	Oct-97	38.2%	NR	$41,011,706	66.7%	32	$20,617,856	33.5%	43
South Dakota	$34,175,930	$23,168,804	Sep-99	67.8%	28	$21,851,073	63.9%	35	$19,174,206	56.1%	13
Tennessee	$80,108,524	$64,601,464	Sep-99	80.6%	23	$50,308,705	62.8%	38	$38,943,459	48.6%	21
Texas	$286,677,285	$179,272,519	Feb-97	62.5%	NR	$107,061,729	37.3%	50	$69,643,061	24.3%	49
Utah	$29,217,323	$26,316,559	Sep-99	90.1%	20	$21,809,339	74.6%	19	$13,041,402	44.6%	29
Vermont	$20,089,579	$28,613,946	Sep-99	142.4%	3	$17,109,677	85.2%	8	$11,510,557	57.3%	11
Virginia	$77,287,763	$84,178,665	Sep-99	108.9%	17	$33,468,731	43.3%	48	$20,620,663	26.7%	47
Washington	$60,927,342	$68,795,568	Sep-99	112.9%	13	$59,997,066	98.5%	5	$51,507,711	84.5%	2
West Virginia	$31,068,141	$22,872,226	Mar-99	73.6%	NR	$23,440,193	75.4%	17	$15,431,373	49.7%	19
Wisconsin	$94,336,840	$47,677,923	Sep-99	50.5%	30	$24,318,454	25.8%	52	$18,612,265	19.7%	50
Wyoming	$27,535,513	$31,935,433	Sep-99	116.0%	11	$27,298,495	99.1%	4	$21,445,642	77.9%	3
Totals:	**$3,836,318,747**	**$3,275,268,288**		**85.4%**		**$2,511,931,024**	**65.5%**		**$1,683,186,887**	**43.9%**	

Notes: *"NR" in Programming Rank means the state is Not Ranked because NTEC data for the state is incomplete or not up to date. FHWA provided the figures for Apportionments, Obligations and Reimbursements. The National Transportation Enhancements Clearinghouse compiles project award totals by gathering state program data. Available funds represent the total of ISTEA and TEA-21 funds apportioned through FY 1999. All figures represent cumulative totals since the inception of ISTEA (FY 1992). Programming Rates are calculated as a percentage of funds available. Obligation Rates are calculated as a percentage of funds available. Reimbursement Rates are calculated as a percentage of funds available.*

For more information please call the National Transportation Enhancement Clearinghouse, 888-388-6832 (toll free).

Figure 2: Annual TE Apportionments Amount Obligated & Unobligated

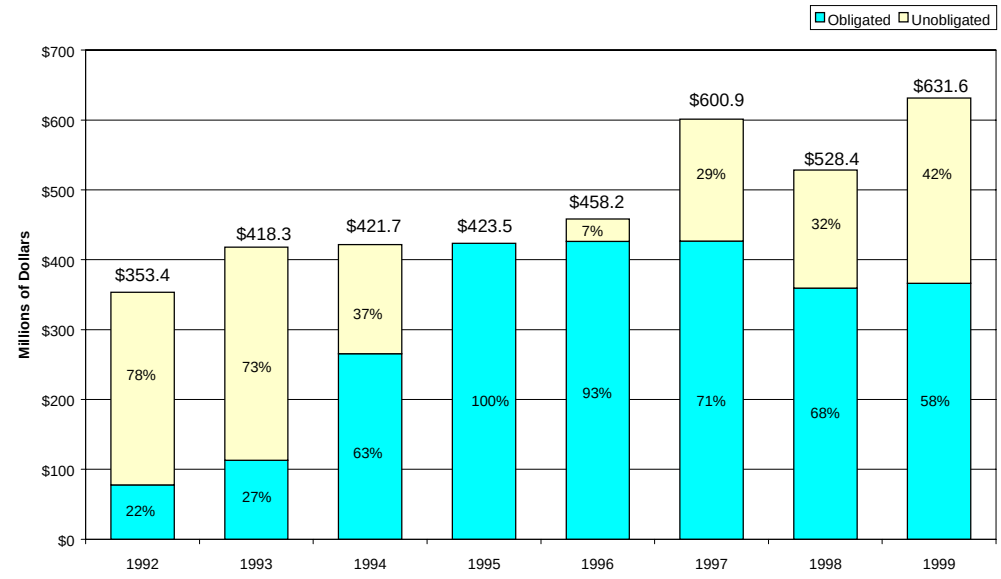


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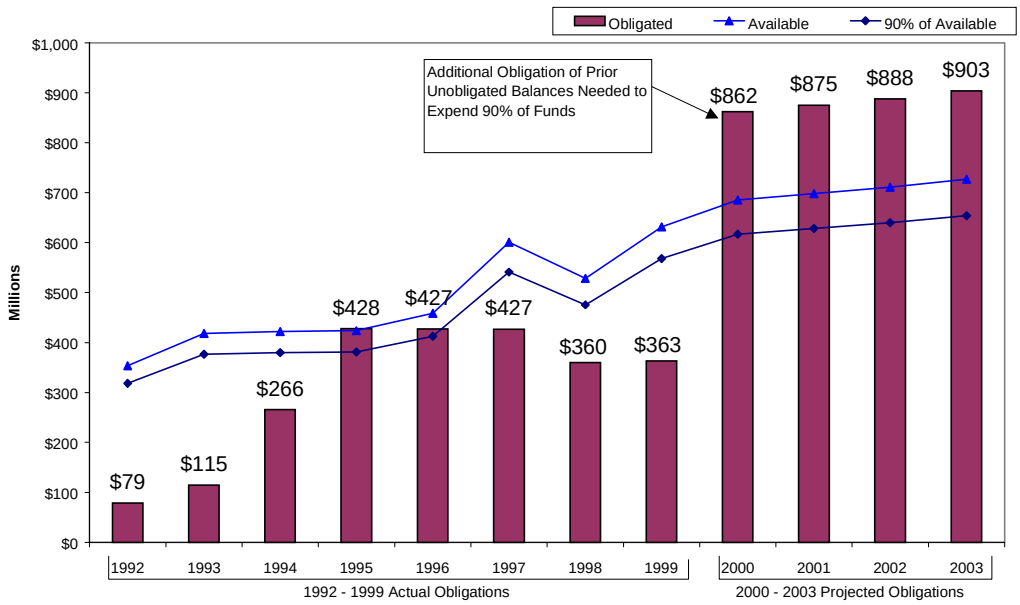
Figure 2 illustrates a trend that may suggest a need for even greater concern. For three years, FY 1995-97, states were able to obligate about $427 million annually, however in FY 1998 and FY 1999 annual obligations dropped to the $360 million level. This is a significant drop. One should also note that national TE obligation rates are dropping just as the new TEA-21 TE apportionments are increasing. Together these factors are widening the gap in available, but unobligated, TE funds.

To illustrate this gap consider the following question. What would it take for the states to achieve a 75 percent obligation rate by the end of FY 2003, the last year of TEA-21 authorized funding? Based on Federal estimates of the four remaining TE apportionments, states would have to obligate $2.35 billion over the next four years to achieve the 75 percent goal. That is $587 million a year.

States are currently obligating $360 million a year. Achieving the 75 percent obligation goal would require an immediate 39 percent increase in the FY 2000 obligation level, and then sustenance of that increased level for three more years. Achieving a 90 percent obligation rate would put TE more on par with other Federal-aid highway programs, and that would require states to obligate $3.5 billion over the next four years – 1.3 times as much as they obligated over the first eight years of the TE program (see Figure 3). [2]

In assessing obligations it is also important to look at the data on a state by state basis. Figure 1 (see page 3) shows that the top ten states all obligate over 80 percent of available funds.

Figure 3: Obligated Levels Required During 2000–2003 to Obligate 90% of TE Funds



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The bottom ten are all under 55 percent, and the bottom seven are under 50 percent. This data raises the question that if ten states can obligate at rates over 80 percent, and 33 states can obligate over the national average, why do some states consistently fail to raise their obligation rates above 50 percent?

Unfortunately, the data collected and analyzed by NTEC for this report do not reveal the answer to the question of why TE obligations continue to linger at such low rates compared to other highway programs. NTEC's data do demonstrate that unless current trends are reversed, some state TE programs could reach the end of TEA-21 with a very large unobligated balance. If in 2003 this is the case, it is possible that at least three factors contributed: 1) a large amount of unobligated TE balances were carried over from ISTEA into TEA-21, 2) a 40+ percent increase in TE apportionments was created by TEA-21 and a strong economy, and 3) many states got a very slow start on the spending of TEA-21 funds.

A discussion of program benchmarks is aptly concluded by a brief look at reimbursement rates and transferability.

Reimbursements: Table 1 (see page 2) shows that only 43.9 percent ($1.68 billion) of available funds have been actually reimbursed, i.e. paid out of the Federal treasury. While $1.68 billion represents a lot of TE projects on the ground, it is only 60 percent of the TE funds made

available under ISTEA alone. In simple terms, more than two years since the close of ISTEA the states have finished spending just 60 percent of the TE money. It is important to note that reimbursements take place only after obligations; the low reimbursement rate is directly related to the low obligation rate.

A number of factors may contribute to the significant difference in obligation rates compared to the rate of reimbursement. Once a project is obligated, many intervening factors may come into play before a project is built and invoices for the completed job are processed. The project development and implementation processes often present many complexities. Some examples may include a local political decision to abandon the project, inaccurate or low cost estimates which causes project delays, the project may be shelved for a period due to lack of sufficient match dollars and local support, discovery of environmental impacts, mitigation of impacts to historic properties, or compliance with procurement and design specifications. Any combination of factors can delay a project and thus the reimbursement of costs associated with its completion.

Transfers: Only one state has transferred TE funds under the new TEA-21 transfer provisions. In FY 1999, Missouri transferred the maximum allowable ($1,062,624) to their National Highway System program account. For a full explanation of what funds can be transferred, see Appendix A.

Part 2—Trends in State TE Program Policies

The NTEC database tracks state application and project selection procedures, matching fund policies, suballocations and set-asides, public involvement and other policies that are established at the state level to govern TE programs. To update the policy database in 1999, NTEC used data from two sources. First an extensive survey conducted by the National Conference of State Historic Preservation Officers in early 1999, and secondly its own data collected directly from TE program managers throughout the year.[3] Following is a discussion of what NTEC found.

Project Selection Procedures: State procedures for selecting TE projects vary tremendously because of differences in state law and governance. Comparing these differences on a quantitative basis is not a tremendously meaningful exercise because in most cases determining which authority has the final say over TE projects is not a decision that can be made in isolation of the decision making process for transportation funding as a whole. As a result, there is a mix of processes: some states use their Transportation Commission for final approval, some use the Governor or Chief Executive Officer of the Department of Transportation (DOT), and some send sole authority to sub-state entities such as state DOT Regional Administrators, Metropolitan Planning Organizations (MPOs) or new entities established for the sole purpose of deciding how to spend transportation funds. The direct involvement of state legislatures is less common, however a number of states include selected legislators among those that serve on Advisory Committees.

Advisory Committees: A fact that can be easily quantified and evaluated is the extent to which public involvement in the selection process is facilitated through advisory committees that participate in the project review and selection process. A summary follows:

- 40 states have Advisory Committees involved in project review, evaluation and selection.
- In 15 of these 40 states, the Advisory Committee includes only DOT staff persons and/or representatives of other governmental bodies—no citizens at-large or representatives of public interest groups or organizations.
- 25 states have citizen representation on these Advisory Committees. At least four have recently boosted the public interest community's participation in project selection advisory committees states (ID, DE, OH, NC), however in a few states citizen representation is minimal.
- Four states that do not use Advisory Committees in project selection provide for effective public participation in funding decisions at the regional or MPO level (MT, CT, MN, FL).

Application Policies: The vast majority of states have an open project application process. Most states either encourage or require non-profit organizations to partner with a government entity or taxing authority when applying for TE funds. Some state DOTs may be limited by state law in contracting directly with non-governmental entities for the delivery of projects. However, eight states do allow non-governmental organizations to apply for funds without a governmental partner or endorsement.

Funding Cycles: Thirty-six states report that they make project funding awards on an annual basis. Ten states make funding decisions every two years, four dole out funds on a continuous basis, and Texas and Rhode Island select projects every 3 and 6 years, respectively.

Project Financing Policies: Project financing policies cover a variety of issues that are important to both state administering agencies and project sponsors. These include what values are or are not deemed eligible as local match, how high or low the match rate is set, if "over match" is a criteria that helps in getting selected, if project award maximums or minimums are established, and whether or not advance payments are an option.

- 25 states provide flexibility for local sponsors in meeting the requirement to provide match for Federal funds. Flexibility takes various forms, including program-wide reduction of the standard 20 percent matching ratio, or offering any of the various innovative finance provisions of TEA-21 and prior Acts. Innovative finance techniques can include a) offering match credit for engineering and design costs, ROW expenses, or use of local forces, or b) use of the value of donated land, materials, labor, consulting services, etc., toward meeting the required match. States can also eliminate the match requirements for certain projects if sufficient "over match" is provided by other projects in the state's TE program.

- At least 12 states have a regular matching rate of 20 percent or less. These states a) use toll credits for match, b) have special provisions in Title 23 U.S.C that allow for a reduced match rate for TE projects, or c) use state funds to provide the match for locally-sponsored projects.
- 29 states have policies determining that sponsors who offer "over match" will receive added consideration in the evaluation of their proposal for funding.
- 15 states have funding award maximums, ranging from $400,000 to $1.5 million.
- 13 states have funding award minimums, ranging from $10,000 to $100,000.
- NTEC has not been able to gather significant data on the extent to which advance payment is offered local project sponsors to assist with cash flow problems. Colorado is the only state that is known to have implemented this option.

Programmatic Financing Policies: No programmatic financing schemes such as formula-based suballocations or special set-asides are mandated in ISTEA or TEA-21. A large number of states have established such policies at their own option or in order to comply with state laws.

- 15 states suballocate all or a portion of their TE funds to substate jurisdictions. Seven of these states suballocate to MPOs and their rural counterparts (RTPAs). Four states suballocate to DOT Regions (FL, OR, CO, NM). Georgia suballocates to Congressional Districts, Montana to 111 local government entities, Minnesota to specially created Area Transportation Partnerships, and North Dakota divides its funds 70/30 between projects in urbanized areas and those in rural areas.
- 26 states set aside a percentage of funds for a special project selection process or special project type. In nine states the set-aside is for projects of a statewide nature. In 14 states the set-aside is for projects on state DOT right-of-way or for those sponsored and selected by the state DOT. Three states reserve a portion of funds for certain TE activities, such as historic bridge restoration and rehabilitation or scenic beautification. These types of set-asides also vary greatly in size, from $100,000 annually, to over 50 percent of the annual TE apportionment.
- Fourteen states set aside funds for TE program and/or project administration, including Nevada, Kentucky and others which set aside a small amount of funds for unexpected project costs, cost overruns or other unforeseen needs. While administrative set-asides tend to be around $100,000 annually, Colorado's set-aside is six percent of the program and Texas sets aside 20 percent of its entire TE apportionment for program administration.

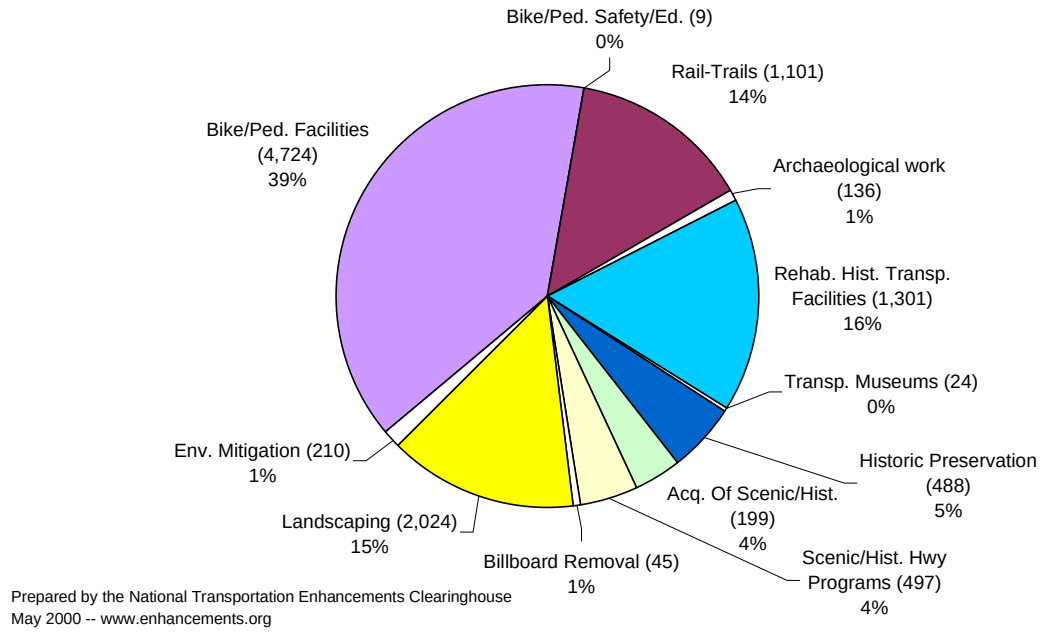
Part 3—Project Spending: Distribution Across the TEAs and Other Trends

This section focuses on the distribution of spending across the Transportation Enhancements Activities (TEAs). Since bicycle and pedestrian facilities and historic transportation structures have received the majority of TE funds so far, this section also takes an in-depth look at just where those dollars are going within the broader eligible categories. In addition, this section examines the spending distribution among the various capital project activity areas such as design, acquisition, and construction, to give readers a sense of how the funds are being used on the projects themselves. Finally, this section also examines average award size and state matching rates.

Distribution across the twelve TEAs: Figure 4 displays the percentage share of funding each TEA is receiving. It also shows the percent of programmed funds received by each TEA and the count of funding awards. The relative share each TEA is receiving has remained virtually unchanged since 1994. The 54 percent share of funds going to bicycle and pedestrian and trail projects has risen only 4 to 5 percentage points since the early years of ISTEA and the historic preservation share has decreased slightly.

The New TEAs created by TEA-21: A pertinent question to ask, now that TEA-21 changes have had a chance to take hold at the state level, is how much money is going to the two new

Figure 4: Percentage of Federal Funds by TEA — Total Programmed Funds as of Sept. 1999: $3,275,268,288. *TEA (No. of Projects) Percent of Total Programmed Funds*



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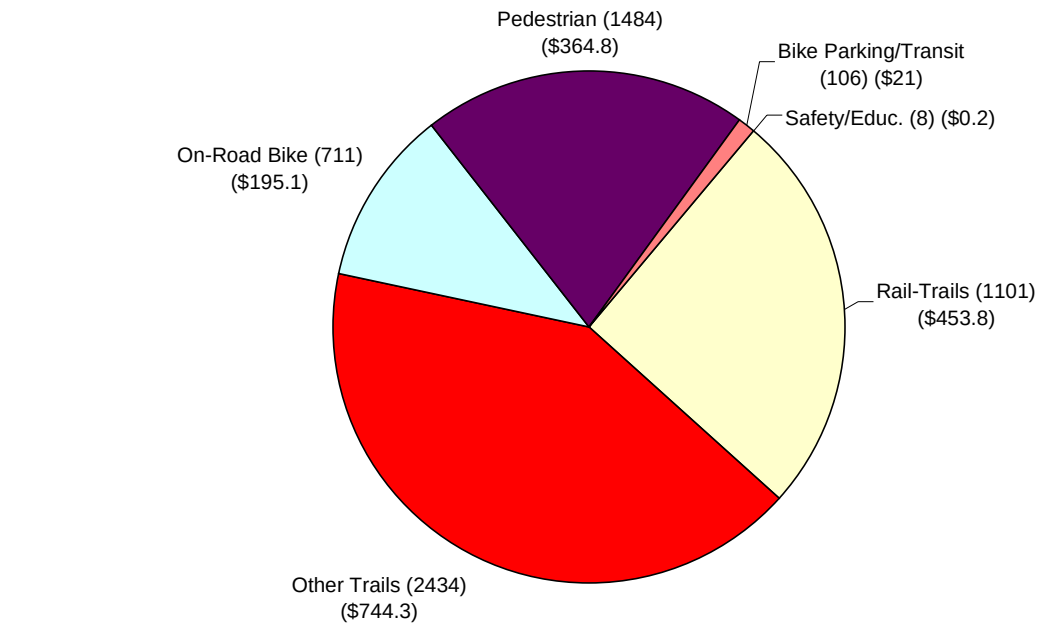
Note: Tourist & Welcome Centers part of Scenic/Hist. Hwy Programs and Wildlife Undercrossings part of Env. Mitigation

and two modified TE activities. Making this analysis is complicated by a number of factors, not least of which is that three of the four activities were not completely new. *Bicycle and Pedestrian Education and Safety* projects, *Tourist and Welcome Centers*, and *Transportation Museums* had all received funding under the prior program's eligibility rules. The following is NTEC's best effort at identifying programming of funds for these four activities. In most cases, these projects would not have been funded in their respective states had the new activities and modifications not been added or emphasized in TEA-21.

Activity	Projects	Funding
Bicycle/Pedestrian Safety and Education	9	$230,968
Visitor Centers related to Scenic and Historic Sites	58	$26,333,491
Wildlife Undercrossings	5	$111,800
Transportation Museums	29	$7,823,571

Bicycle and pedestrian spending by six subtypes: Figure 5 shows the bicycle and pedestrian spending broken out by six project subtypes: *1) Rail-Trails, 2) Other Off-Road/Multi-*

Figure 5: Distribution of Funds Across Bike & Pedestrian Project Subtypes – Activity (Number of Projects) (Federal Funds in Millions)



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use Trails, 3) On-Road Bicycle Facilities, 4) Pedestrian Facilities, 5) Bike/Transit Integration & Bike Parking Projects, and *6) Pedestrian and Bicyclist Safety and Education Activities*. Multi-use trails remain the predominant activity in terms of both project count and funding levels.

Historic transportation facility spending by subtype: Figure 6 provides readers with a finer screen on the largest group of historic preservation projects in the TE program: *Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities*. While preservation of historic railroad depots is widely known to be a common TE project, this chart reveals that a significant share of depot rehab funding is taking place at stations that are served by AMTRAK. Unfortunately, a few depots were rehabilitated in anticipation of serving AMTRAK customers but budget cutbacks at the railroad have since eliminated passenger rail service. Other depots are being restored as trailheads for rail-trails, while still others serve commuter and other public transit operations, function as intermodal centers, or serve as visitor centers. A fair portion of funding in this category (8.2 percent) is going to brick street restoration and other streetscaping projects in historic districts or heritage areas. This funding also includes projects where historic lighting fixtures, street furniture, or other elements are incorporated into facility design. In addition, this chart shows that preservation of historic bridges and canals is a popular activity in this TEA category.

Figure 6: Historic Transportation Facility Types – Distribution of Funds in TEA Cat.7, Total Federal Funds Spent in TEA 7: $735,930,770

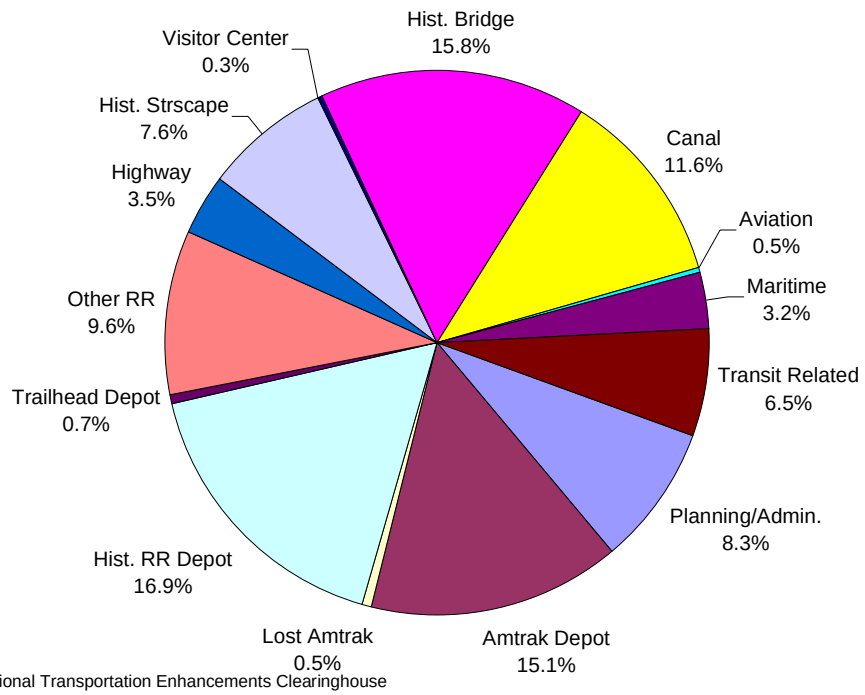

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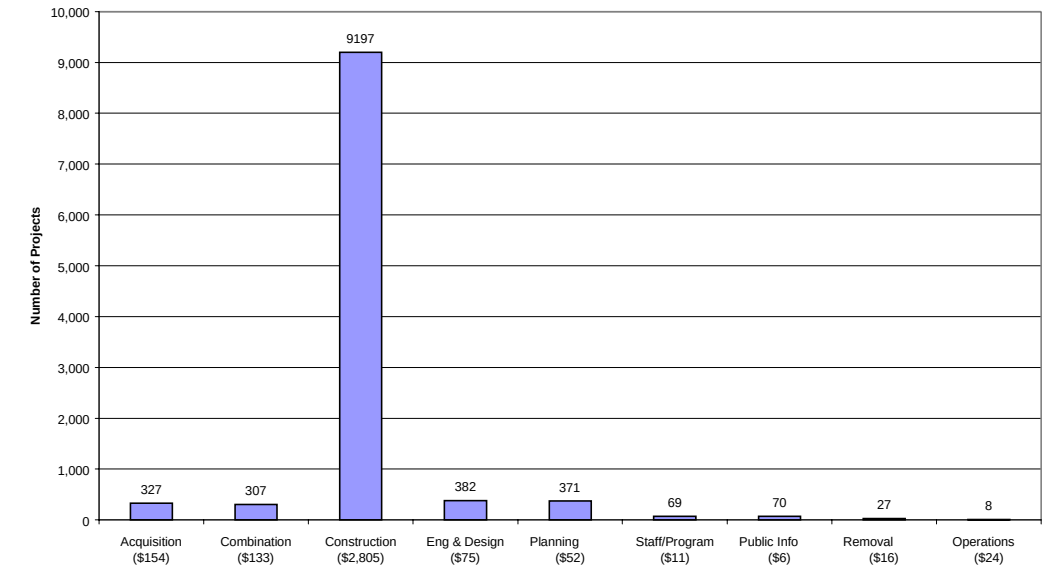
Figure 7: TE Spending by General Capital Project Development Type/Phase – Cumulative FY 1992–Fy 1999, Number of Projects and Million of Dollars



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For definitions of these categories please see Appendix B

General activities of capital project development: Figure 7 shows project count and award totals for the project development activities of *Right-of-way Acquisition, Engineering and Design, Construction, Removal, Operations, Planning, Public Information, and General Staff/ Program costs.* These actions represent normal phases in the project development process. They are not eligible for TE funds in and of themselves, and do not represent listed TE activities in the law. As stated in the law, most of the TE activities refer to small scale capital improvement projects. One TE activity does specifically refer to acquisition of easements or scenic or historic sites, another refers to planning and research, another refers to education, and a fourth refers to operations. It is therefore instructive to provide a breakdown of the way TE dollars are spent for project implementation as a first step toward any analysis along these lines. For a detailed explanation of NTEC methodology in this area please see Appendix B.

Given the nature of most of the TEAs, it is not surprising that 85 percent of all project awards are for construction activities. Some of the exceptions to the rule:

- 70 projects funded non-construction public education and information projects such as maps, guidebooks, brochures and videos;
- 69 awards were made to state DOTs for TE, Bicycle/Pedestrian or Scenic Byways programmatic costs;
- Planning projects account for just over one percent of all awards;

- Acquisition of right-of-way was a part of at least 634 projects (Acquisition plus Combination).
- Removal of billboards and operation of historic transportation facilities remain the most rarely funded TE activities.

Award size: Table 3 shows that the average Federal award is $304,450. Over the course of ISTEA, the average Federal award hovered just under $300,000. It has increased slightly in this report as some states have shifted in favor of larger projects. The smallest project awards are landscaping and tree planting projects in the $300 range, most of which are in Nebraska. The largest awards are bicycle/pedestrian trails of $14 to 15 million each — one in San Antonio, Texas, another along a large portion of the Mississippi River in central Louisiana.

Matching funds: Table 3 also shows that the average project match, nationally, is 27.4 percent, a significant amount above the standard 20 percent match called for in ISTEA and TEA-21. A number of Federal rules have been established to allow individual projects (at the state's discretion) to be approved with a match far above or far below the 20 percent baseline–from as high as 70 to 80 percent state/local match to as low as a zero state/local match. In addition, ISTEA and now TEA-21 allow states with large Federal land holdings to use match ratios of less than the standard 20 percent (e.g., Alaska, Montana and Wyoming), or to use toll revenues as credit for the non-Federal share of TE projects (e.g., Florida and New Jersey).

Table 3: Financing TE Projects: Average Federal Awards & Match Rates
States Sorted by Matching Rate

State	Project Count	Federal Funding	Average Awards	Federal Award	Matching Funds	Match Rate
Virginia	379	$84,178,665	$222,107	$126,135,385	60.0%	
Maryland	135	$62,013,516	$459,359	$88,163,830	58.7%	
Washington	363	$68,795,568	$189,519	$56,777,016	45.2%	
Delaware	95	$20,002,233	$210,550	$14,039,185	41.2%	
California	422	$213,786,400	$506,603	$118,394,002	35.6%	
Iowa	259	$42,518,273	$164,163	$21,774,838	33.9%	
Michigan	784	$118,698,872	$151,402	$58,124,895	32.9%	
Pennsylvania	142	$61,110,506	$430,356	$28,830,627	32.1%	
South Carolina	166	$23,508,156	$141,615	$10,143,504	30.1%	
New York	276	$134,071,399	$485,766	$56,263,993	29.6%	
Texas	242	$179,272,519	$740,796	$72,513,397	28.8%	
Missouri	266	$51,742,376	$194,520	$20,343,896	28.2%	
Minnesota	213	$51,858,691	$243,468	$20,316,031	28.1%	
Puerto Rico	16	$14,847,118	$927,945	$5,786,529	28.0%	
South Dakota	135	$23,168,804	$171,621	$8,074,562	25.8%	

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Mississippi	85	$66,242,808	$779,327	$22,908,063	25.7%
Idaho	131	$42,540,980	$324,740	$14,458,006	25.4%
Oregon	137	$47,685,743	$348,071	$16,049,524	25.2%
New Mexico	134	$34,568,000	$257,970	$11,519,000	25.0%
North Dakota	136	$39,049,412	$287,128	$12,896,787	24.8%
West Virginia	121	$22,872,226	$189,027	$7,486,726	24.7%
Wisconsin	298	$47,677,923	$159,993	$15,251,368	24.2%
Georgia	342	$167,475,295	$489,694	$52,439,000	23.8%
New Hampshire	138	$31,158,233	$225,784	$9,547,234	23.5%
Indiana	178	$65,192,478	$366,250	$19,618,781	23.1%
Utah	72	$26,316,559	$365,508	$7,916,280	23.1%
Colorado	252	$43,968,379	$174,478	$13,054,845	22.9%
Kansas	139	$45,931,478	$330,442	$13,611,041	22.9%
Kentucky	231	$58,447,122	$253,018	$17,287,076	22.8%
Nevada	82	$38,981,358	$475,382	$11,396,411	22.6%
Nebraska	319	$30,148,714	$94,510	$8,628,957	22.3%
North Carolina	197	$70,947,695	$360,141	$19,737,625	21.8%
Oklahoma	103	$39,448,185	$382,992	$10,823,867	21.5%
Ohio	183	$96,933,491	$529,691	$26,557,782	21.5%
Alabama	206	$44,229,541	$214,707	$12,040,589	21.4%
Arkansas	142	$17,645,696	$124,265	$4,678,042	21.0%
Massachusetts	148	$34,931,771	$236,025	$9,256,681	20.9%
Arizona	111	$36,627,247	$329,975	$9,527,649	20.6%
Maine	91	$17,692,168	$194,419	$4,599,835	20.6%
Illinois	348	$186,916,452	$537,116	$48,074,354	20.5%
Hawaii	34	$35,186,841	$1,034,907	$8,796,713	20.0%
Tennessee	245	$64,601,464	$263,679	$16,150,365	20.0%
Connecticut	137	$81,518,961	$595,029	$20,379,726	20.0%
Louisiana	194	$42,144,447	$217,239	$10,484,383	19.9%
Vermont	142	$28,613,946	$201,507	$6,969,206	19.6%
Montana	361	$28,656,096	$79,380	$6,776,412	19.1%
Alaska	152	$55,197,922	$363,144	$11,088,496	16.7%
Rhode Island	121	$26,717,426	$220,805	$4,892,783	15.5%
Wyoming	212	$31,935,433	$150,639	$5,622,944	15.0%
Dist. of Columbia	46	$32,012,566	$695,925	$4,194,655	11.6%
New Jersey	168	$72,811,393	$433,401	$9,241,642	11.3%
Florida	729	$272,669,743	$374,033	$23,875,692	8.1%
Totals:	10,758	$3,275,268,288	$304,450	$1,233,520,230	27.4%

*ISTEA/TEA-21 allow states with large Federal land holdings to use match ratios of less than the standard 20% (e.g., AK, CA, MT, OR, WY, etc.) or use toll revenues as credit for the non-Federal share of TE projects (e.g., Florida and New Jersey). Additionally, special TE provisions allow all states to reduce the match percent to as low as zero for select TE projects, or require local TE project sponsors to provide more than the standard 20% state/local match. Most figures above do not account for the value of toll credits or "soft match."

Thirty-nine states plus Puerto Rico have an average match above 20.1 percent, and fourteen of these states have an average match above the national average of 27.4 percent. Two factors may contribute to the broad trend toward high match funding: 1) a large number of states have adopted project selection policies that create an incentive for local project sponsors to provide higher than standard match levels, while fewer states are taking advantage of the provisions to reduce or eliminate the required match; and 2) many projects share a high level of local support and enthusiasm which is often demonstrated by local government sponsors and/or non-profit/ private sector supporters by providing more than the standard 20 percent match.

Summary of Major Findings

The findings detailed in this section illustrate where the TE program stands nationally after eight years. NTEC's analysis of programming data from the states (with consideration for estimated undocumented data) and obligation and reimbursement data from FHWA finds that the states must make an unprecedented level of effort to obligate 90 percent of TE funds – which would put TE on par with other Federal-aid highway programs – by 2003. The data is in this report should only be used as a guideline as to how TE funds are being spent around the nation. States do have systems in place, such as Advisory Committees and routine calls for projects, to allow their local communities to participate in Transportation Enhancements. Nonetheless, only half the states provide flexibility for local sponsors in raising their local match funds. Fifty percent of the states also encourage "over match" as a way for communities to enhance their project's application, which may be why the average local match rate is 27.4 percent. Many states set aside or suballocate funds in order to manage their TE programs, or to provide funding for special project categories, such as statewide or DOT projects. Newly eligible TEA-21 TE activities are being funded, but this has not dramatically altered the general distribution of TE funds across the older TE activities. These national trends signify that states are trying to meet the demand for TE funds and have systems in place to do so, but these systems could be improved for better delivery of TE activities to local communities.

Appendix A: The Federal-Aid Financing Process

Programming is the first step in the formal transportation spending process. *Programmed* projects are those that have been approved at the state level by the appropriate jurisdiction, ruling body, or official. This may be the TE advisory committee, state transportation commission, legislature, state Secretary of Transportation, or Governor. Upon approval, TE projects are listed in the Statewide Transportation Improvement Program (STIP) and, if appropriate, in a Metropolitan area TIP as well. Not all projects that are programmed make it to obligation for numerous reasons, for example, inability to raise the local match. The figures presented in this report as *programmed* are cumulative totals beginning with the first fiscal year of ISTEA, 1992. As states make revised funding levels available for projects programmed in earlier years, these changes are reflected in the database. This report uses the terms *award* and *program* interchangeably.

Obligations represent a second step in the spending process. An *obligation* is the formal commitment of a specified amount of funding for a particular project. Technically speaking, it is an obligation of the FHWA to reimburse a state for costs incurred. It represents a high level of commitment on the part of both the state DOT and the FHWA. *Obligations* are tracked in the FHWA financial accounting system known as the Federal Management Information System (FMIS). *Obligations* are typically made when a project or discrete project phase is ready to have consultants or contractors begin billable work. In this report, the *obligation* figures used are also cumulative for the six years of ISTEA and first two years of TEA-21. It should be noted that cumulative *obligation* figures by definition include a mix of both completed and soon-to-be completed work.

Reimbursements are the amount of funds FHWA has reimbursed to the states for completed TE work, regardless of whether the project is only partially or fully complete. Reimbursement is essentially the last step in the spending process. While it is not necessarily the most accurate measure of completed projects, it is the only measure readily available on a nationwide basis.

Transfers indicate the amounts of money transferred from the TE program to other highway programs. Under the authority of special provisions included in TEA-21, states are given an annual ceiling on the amount of funds that can be transferred—up to 25% of the portion of a state's annual TE funding that is above the state's FY 1997 TE apportionment level. Over the course of six Federal fiscal years governed by TEA-21, a total of approximately $108 million will be transferable.

Appendix B: NTEC Methodology for Assigning General Capital Project Development Type/Phase (see Figure 7)

- Projects are assigned to one and only one general development type or phase, that which received the majority of TE funds.
- More than 90 percent of the projects in the database assigned to the *Construction* group are projects that include both construction **and** engineering/design costs in their reported funding amounts.
- Those coded *Engineering and Design* are project awards where the state indicates that the costs are **exclusively** for the preliminary engineering and design phase.
- Projects coded *Combination* are those where reported project costs include **both** ROW acquisition and construction activities.
- *Project Planning* includes funding of plans, studies, inventory and research activities, whether at the project, regional or state level.
- *Public Info* includes expenditures for publications such as maps, guidebooks, brochures, reports, etc.
- *Staff/Program* includes funds that DOTs use to pay for staff and other project development costs on a programmatic basis, and for program-wide costs such as manuals and training.
- *Removal* is included as a general activity primarily for one TEA category, Control of Outdoor Advertising, for billboard removal projects.
- *Operations* are an eligible activity for only one TEA category as well, Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities.

Appendix C: Data Status Definitions for States where Data Files Incomplete

Please see page 10 for a listing of the states in each of the following categories.

Partial data update – Upon analysis of the data in the database for these states, it was determined that project records must be missing because 1) FHWA obligation amounts are above NTEC database programming amounts, or 2) discussions with the state revealed that NTEC does not have data for projects funded through all or a portion of a state's suballocations or set-asides.

Submitted an inadequate data update – These states submitted data, however it was incomplete or problematic in its data elements or structure. In some cases state staff declined NTEC requests to reconcile a new data submittal with prior data to ensure there would not be double counting or inaccurate funding amounts.

Reported no new data to submit – These states communicated to NTEC that the timing of their project selection process prevented them from having any new project selections ready within the NTEC data collection timeframe.

Not able to compile and submit new data – Contact between NTEC staff and these states was made, however data was never submitted to NTEC. In some cases the states explained their own difficulties in compiling the data for their own use, let alone for submittal to NTEC.

No response – While NTEC sent email and surface mail to every state making a formal request for data (and frequently made follow up phone calls), these states failed to respond in any way.

Footnotes

[1] Surface Transportation Policy Project, *Changing Direction: Federal Transportation Spending in the 1990s.* (Washington, D.C., March 2000)

[2] When interpreting obligation rates readers should take note that throughout the ISTEA years, Congress did not provide sufficient obligation authority for states to obligate 100 percent of apportioned funds in each and every one of their transportation program categories. ISTEA gave states the authority to determine how to spread these shortfalls across each major transportation program. States could either spread these shortfalls equally amongst all the program categories, of which TE is only one; or, states could obligate proportionately less money in particular programs, such as TE, while fully obligating traditional highway programs (or vice versa). Given the constraints on obligation authority handed to the states by Congress, a fair TE obligation rate would be about 90 percent of total available.

[3] Barr, Alison. *Destination Preservation: Putting TEA-21 to Work for Historic Preservation.* Report published by Preservation Action for the National Conference of State Historic Preservation Officers. (Washington, D.C., July 1999.)

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