



Transportation Enhancements

Summary of Nationwide
Spending as of FY2000

F I N A L R E P O R T

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Compiled by the
National Transportation
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Executive Summary

Summary of Nationwide Spending of Transportation Enhancements Funds is a report prepared annually by the National Transportation Enhancements Clearinghouse (NTEC). This report provides a snapshot of how states have spent Transportation Enhancements (TE) funds from FY1992 to the end of FY2000. As in past years, NTEC uses five benchmark spending figures to assess the status of these funds: available, programmed, obligated, reimbursed, and transferred. The report also addresses the distribution of these funds across the twelve eligible activities. NTEC does not discuss state-by-state program policies in this report as was included in the FY1999 report, but state-by-state policy information is available on the NTEC Web site at www.enhancements.org in the policy section. This report allows NTEC to provide interested readers with an assessment of how successfully Transportation Enhancements activities are being funded and, ultimately, implemented for the benefit of local communities.

The Status of Spending Benchmarks

There are five different phases, or benchmarks, of Enhancements spending that NTEC uses to evaluate how states use TE funds: *Available*, *Programming* (Selection), *Obligations* (amount authorized to spend), *Reimbursements* (amount paid to sponsor for completed work), and *Transfers*. **Table 1** on page 5 illustrates the status of these benchmarks at the national level. Using data supplied to NTEC from the Federal Highway Administration's (FHWA) Fiscal Management Information System (FMIS), NTEC reports that \$4.52 billion has been made available to the states for use on TE activities since 1992. Of that money, state Departments of Transportation (DOTs) have programmed at least 84.5 percent of available funds, according to NTEC's project database that was updated most recently in the fall of 2000. (NTEC's database also includes 1,282 projects programmed for future fiscal years, but for the sake of comparison across the benchmarks, NTEC only uses the FY1992–FY2000 projects.) FMIS also reports that state DOTs have cumulatively obligated only 67.9 percent of available funds, which is a slight improvement over the 65.5 percent obligation rate reported at the end of FY1999. Reimbursements continue to hover at the 44 percent mark, up only 0.5 percent from FY1999, according to FMIS. Transfers allowed under TEA-21 to other Federal-aid highway programs did increase during FY2000. Only one state, Missouri, transferred funds from TE in FY1999. In FY2000, six states including Missouri transferred a total of \$4.3 million.

The increase in obligations during FY2000 could be an indication that the obligation rate will improve during the remaining years of TEA-21. During FY2000, the states obligated \$564.7 million dollars, the largest amount ever obligated in a single fiscal year. This is also a 35 percent increase over what the states obligated during FY1999. If the states continue to obligate at this rate, trends suggest that by the end of TEA-21, the states will have obligated 72 percent of the estimated \$6.56 billion in available funds. This is closer to the FHWA's own goal of a 75 percent obligation rate, but it nonetheless means that \$1.8 billion could remain unobligated at the end of TEA-21.

The status of nationwide spending thus remains fairly unchanged from FY1999. The low obligation and reimbursement rates are noteworthy because they indicate that selected Enhancements projects are progressing towards actual implementation at a slow rate. NTEC's research finds that there are reasons for these delays, but none of them are singularly responsible for the lack of speedy project delivery. The array of obligation rates testify to the differences in states' and sponsors' approaches, problems, policies, and

Table 1: Transportation Enhancements Financial Summary		
Cumulative Available, Programming, Obligations, Reimbursements & Transfers		
		Amount % of Available
Available in ISTEA and TEA-21: <i>This figure is provided by FHWA and is current to the end of FY2000 (September 30, 2000).</i>	\$4.52 Billion	100%
Programmed in ISTEA and TEA-21: <i>This figure is derived from 12,440 projects dated 1992-2000 in NTEC's TE project database.</i>	\$3.82 Billion	84.5%
Obligated in ISTEA and TEA-21: <i>This figure is provided by FHWA and is current to the end of FY2000.</i>	\$3.07 Billion	67.9%
Reimbursed in ISTEA and TEA-21: <i>This figure is derived from FHWA data and is current to the end of FY2000.</i>	\$2.00 Billion	44.4%
Transfers from TE to other Federal-aid highway funds: <i>This figure is derived from FHWA data and is current to the end of FY2000.</i>	\$5.3 million	0.12%

solutions. The one thing the rates have in common is that they attest to the effectiveness of the system each state has in place to put TE projects on the ground.

Distribution of Funds Across the TE Activities

The new project data added to NTEC's database during the fall of 2000 yields information about how Enhancements funds have been programmed across the 12 eligible activities. What NTEC discovered is that, while the new or modified TEA-21 TE activities continue to be programmed and funded, the distribution of funds across the 12 activities remains virtually unchanged. Bicycle and pedestrian facilities, combined with rail-trails, comprise over half of the Federal programmed TE funds between FY1992 and FY2000. Historic preservation and preservation of historic transportation facilities received 22 percent of TE funds. Landscaping and scenic beautification is the third largest share at 14 percent.

Conclusion

The high demand for Enhancements funds and the number of projects that have already been selected testify to the popularity of Transportation Enhancements activities. As NTEC's project data show, many different types of projects are being funded across the twelve eligible activities. Yet, the low obligation and reimbursement rates indicate that state DOTs, FHWA divisions, and project sponsors face obstacles to actually implementing Transportation Enhancements projects. All of this information suggests there is a need for a thorough review at the state and local level of what could be done differently in order to more efficiently deliver TE projects to communities.

Introduction

The National Transportation Enhancements Clearinghouse presents this report for use by all interested in Transportation Enhancements and the status of this funding source both at the state and national levels.

The report is structured in three sections. The **Background** section details Transportation Enhancements activities and the history of this Federal-aid highway program, including the initial legislation that authorized TE, the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and the current legislation governing the implementation of TE activities, the Transportation Equity Act for the 21st Century (TEA-21) of 1998. The **Data** section cites the sources for the data used in the report, the methodology of data collection, and any state-specific data issues. The **Major Findings** section presents an analysis of TE activities at the end of FY2000 based on the traditional benchmarks of state spending. Also covered are trends within the TE activities themselves, such as distribution of funds across the 12 eligible activities.

While this report provides one perspective on the status of Transportation Enhancements funds, readers are encouraged to discuss their state's Enhancements program and the status of state spending and project implementation with their DOTs directly. Contact information for state DOT TE managers is included in Appendix B on page 27, as well as on the NTEC web site at www.enhancements.org.

Common acronyms used in this report:

TE: Transportation Enhancements

FHWA: Federal Highway Administration

NTEC: National Transportation Enhancements Clearinghouse

DOT: Department of Transportation

FMIS: Fiscal Management Information System

ISTEA: Intermodal Surface Transportation Efficiency Act of 1991

TEA-21: Transportation Equity Act for the 21st Century of 1998

STP: Surface Transportation Program

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 Enhancements activities. Ten percent of the Surface Transportation Program (STP) was set aside for these activities, including development of bicycle and pedestrian facilities, scenic beautification, historic preservation, and mitigation of highway runoff (a detailed list of Enhancements activities 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, 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 TE activities were broadened, and two new activities were added to the list of eligible activities.

TE Activities

As a result, today there are 12 Transportation Enhancements activities eligible for funding through the states' Transportation Enhancements activities set-aside:

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

Transportation Enhancements Projects

In general, Transportation Enhancements projects 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. NTEC has captured many examples of successful TE projects in a number of publications, as well as in a searchable project library, both of which are on-line at www.enhancements.org.

Administration of Transportation Enhancements Funds and Projects

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, D.C., and in the FHWA field offices located in each state, Puerto Rico, and D.C.

Transportation Enhancements funds are made available annually to the states and D.C. (Puerto Rico, under TEA-21, is no longer required to set-aside STP funds for TE activities). TE funds are administered by state Departments of Transportations (DOTs). The states' FHWA divisions are primarily responsible for determining project eligibility; for a project to be eligible, it must be included on the list of 12 eligible activities and it must relate to surface transportation. States may have additional eligibility requirements.

Federal transportation law provides a large measure of flexibility to states with regard to managing and administering TE funds. As a result, state DOTs utilize a wide range of approaches to soliciting and selecting TE projects; involving local 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. Every state publishes a document describing its unique program guidelines and policies. For more information about a particular state's TE program, readers are encouraged to contact their state DOT TE program manager. The contact information is available in Appendix B of this report and on the NTEC Web site at www.enhancements.org. You may also obtain this information by calling NTEC toll-free at 888-388-6832 or emailing ntec@transact.org.

The National Transportation Enhancements Clearinghouse (NTEC)

The National Transportation Enhancements Clearinghouse serves as an information resource for anyone interested in Transportation Enhancements. NTEC is operated by Rails-to-Trails Conservancy, a national non-profit organization, in partnership with the Federal Highway Administration. In addition to technical assistance and referrals, NTEC also has many useful publications available free of charge. These publications provide examples of successful TE projects as well as information on applying for and implementing TE projects. All publications are on the NTEC Web site (www.enhancements.org) or can be obtained by calling NTEC at 888-388-6832 or emailing ntec@transact.org.

The information in this report is based on data developed and maintained by the National Transportation Enhancements Clearinghouse. The Transportation Enhancements database was developed by Rails-to-Trails Conservancy in 1993, and has been managed and updated by NTEC since 1998 as part of its partnership with the Federal Highway Administration.

New TE spending data are gathered and compiled annually by NTEC staff. The new data in this report were gathered and compiled between June and December 2000. State Departments of Transportation provided NTEC with programming (selected project) data, including project name, TE activity type, location, and funding levels. It should be noted that some states do not report all of the projects which they have programmed. For example, California was able to provide NTEC with data about projects selected through only one of California's four programmatic shares. Apportionment, obligation, and reimbursement data are provided by the Federal Highway Administration's Fiscal Management Information System (FMIS). FMIS provides NTEC with the cumulative and fiscal year activity for every state for apportionment, obligation, and reimbursement. Every state is required to report their obligations and reimbursements to the FMIS system, so this data is an across-the-board snapshot of state progress that applies to all states.

NTEC relies on the participation and cooperation of state Department of Transportation staff to provide NTEC with project programming data. States are not required to provide NTEC with this information, but over the years, all states have cooperated with NTEC's request for information to varying degrees. Since NTEC's database of projects is the only existing central resource for information on TE projects in every state, the participation of each state DOT is crucial for the accuracy and completeness of NTEC's information. During NTEC's most recent data collection, 41 states provided NTEC with programming information. This is a very high participation level; NTEC hopes that it will continue to be as high or higher every year.

Breakdown of State Participation During the FY2000 Data Collection

- Submitted a complete update (reviewed older project data and submitted new project data): Alabama, Arizona, Arkansas, Connecticut, Florida, Idaho, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New York, North Carolina, Texas, and West Virginia.
- Submitted a partial update (reviewed older project data or submitted new project data): California, Colorado, Delaware, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Montana, Nebraska, New Jersey, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, and Wyoming.
- Reported no new data to submit: Rhode Island and Washington (and Puerto Rico).
- Not able to compile and submit new data: Alaska, Georgia, Hawaii, Oklahoma, and Wisconsin.
- No response to NTEC requests: D.C, Indiana, and Nevada.

A Profile of the Transportation Enhancements Database

NTEC's database of programmed TE projects now contains 12,440 projects selected from FY1992 to FY2000. NTEC's database also contains 1,282 programmed projects for *future* fiscal years – FY2001 and beyond. Altogether, the database contains 13,722 projects. However, for the purposes of this report, NTEC's programming numbers and analysis is based only on the 12,440 projects selected for FY1992 to FY2000. This division was made to allow accurate comparisons amongst the programming, obligation, and reimbursement data. The **Major Findings** section addresses future programmed projects.

The data that NTEC collects for each project include: state, project name, TE activity number (1-12), TE activity subtype, year programmed, ID number, city and county location, primary use of funds, and the Federal, Local, and Total funding amounts. If available, NTEC also requests and collects information such as project description, linear length, Congressional district, DOT district, and implementation status.

NTEC also has a state program policy and procedures database that it updates annually. This information was not updated during the most recent data collection period since it had been updated earlier in 2000. This information is used to create state program profiles on the NTEC Web site (www.enhancements.org). The profiles contain state TE manager contact information; a description of project selection processes and authorities; a description of advisory committee powers and characteristics; and local match and other financial policies.

All the information NTEC gathers, from procedural to programming, obligations to reimbursements, is necessary for producing an analysis of the status of nationwide spending of Transportation Enhancements funds. NTEC sincerely appreciates the work done by state Departments of Transportation staff to provide NTEC with new and updated data. They help make the NTEC database a more accurate and useful tool for information about TE projects individually, and the program as a whole.

NTEC's database of Transportation Enhancements activities and spending provides a snapshot of the status of TE as of FY2000, as well as identifies trends over the lifetime of Enhancements. This section covers areas of interest and importance to Enhancements: **Part One** addresses cumulative monetary levels across the stages of funding, while **Part Two** discusses nationwide trends across and within the twelve TE activities themselves and project award and match rate trends. New to the Major Findings section is information regarding supply vs. demand of Enhancements funds and projects, an analysis of future fiscal year programming, and a discussion of state obligation policies.

PART ONE: TE Spending Benchmarks

Available

Transportation Enhancements funds are made available to the state Departments of Transportation through a 10 percent set-aside of each state's Surface Transportation Program (STP) funds. **Table 2** on page 12 shows that from FY1992 - FY2000, the cumulative amount made available to all states was \$4.52 billion.

Programming

NTEC's database now covers nine full fiscal years of Enhancements programming, and contains 12,440 projects for the years 1992-2000. **Table 2** on page 12 shows that the cumulative level of programming for these years is \$3.82 billion, which is 84.5 percent of all available funds. Since there are still 11 states for which NTEC does not have current (FY2000) programming numbers, and because not all older project data was updated, the actual programming level by FY2000 is most likely higher than the documented \$3.82 billion in the NTEC database. Overall, it appears that programming is continuing to occur on a regular basis and is at a relatively high rate.

More research conducted by NTEC reveals that the demand for Enhancements projects is very high—higher than the states can meet given their current funding allocation and eligibility requirements. NTEC asked state DOTs to provide a history of supply vs. demand for Enhancements funds. Twenty-nine states responded to NTEC's query, and provided evidence that the current funding level does not meet demand. [Note: not all states select projects on a yearly basis, so the figures upon which this analysis is based do include multi-year values]. For example, during these states' most recent funding cycle, the states cumulatively received applications for 2.13 times more Enhancements money than was available. During this same funding cycle, these states were only able to cumulatively fund 39.7 percent of project applications. Over the last three funding cycles, states, on average, have received applications for 2.58 times more projects than were ultimately selected, and total funds requested were on average 2.29 times greater than were awarded. While not every project that is nominated for Enhancements funds is eligible or worth funding using TE, these figures testify that more local communities want Enhancements-type projects than ultimately receive them.

NTEC's data collection also found that at least 20 states have selected projects for future fiscal years. The database now has 1,282 future-programmed projects worth \$394.8 million in Federal TE funds. **See Table 4** on page 20. The states who have reported future-programmed projects include Arizona, Colorado, D.C., Florida, Georgia, Idaho, Iowa,

Table 2: State TE Spending Benchmarks for FY1992-2000¹

State	Available	Programmed		Obligated			Reimbursed			
	Apportionment FY92-00	Project Award Total FY92-00	Date Data Given to NTEC	Rate	Obligations FY92-00	Rate	Rank	Reimbursement FY92-00	Rate	Rank
Alabama	\$91,421,645	\$89,164,040	FY2000	97.5%	\$61,980,736	67.8%	31	\$40,566,716	44.4%	29
Alaska	\$87,483,981	\$55,197,922	FY1997	63.1%	\$87,483,978	100.0%	2	\$74,020,352	84.6%	1
Arizona	\$72,015,418	\$59,337,448	FY2000	82.4%	\$39,826,069	55.3%	44	\$24,893,058	34.6%	43
Arkansas	\$58,966,691	\$56,515,746	FY2000	95.8%	\$35,422,821	60.1%	40	\$25,665,974	43.5%	32
California	\$384,456,883	\$230,220,400	FY2000	59.9%	\$254,828,983	66.3%	35	\$118,308,338	30.8%	45
Colorado	\$64,090,569	\$53,745,122	FY2000	83.9%	\$48,917,074	76.3%	19	\$38,127,709	59.5%	11
Connecticut	\$81,922,375	\$98,328,330	FY2000	120.0%	\$76,390,384	93.2%	7	\$56,647,907	69.1%	4
Delaware	\$25,629,747	\$27,296,607	FY2000	106.5%	\$19,035,869	74.3%	23	\$13,248,771	51.7%	20
Dist. of Columbia	\$20,361,642	\$22,762,566	FY1999	111.8%	\$19,121,616	93.9%	6	\$12,883,521	63.3%	8
Florida	\$228,122,950	\$212,618,255	FY2000	93.2%	\$216,919,263	95.1%	5	\$170,658,927	74.8%	3
Georgia	\$153,233,588	\$143,974,268	FY1999	94.0%	\$109,028,471	71.2%	27	\$61,904,859	40.4%	39
Hawaii	\$47,509,975	\$35,186,841	FY1999	74.1%	\$35,166,138	74.0%	24	\$22,019,090	46.3%	27
Idaho	\$38,971,410	\$22,679,931	FY2000	58.2%	\$23,567,095	60.5%	38	\$16,883,772	43.3%	33
Illinois	\$185,744,569	\$240,119,452	FY2000	129.3%	\$127,795,174	68.8%	29	\$92,742,278	49.9%	24
Indiana	\$116,350,682	\$65,192,478	FY1996	56.0%	\$79,994,660	68.8%	30	\$60,140,182	51.7%	21
Iowa	\$63,905,968	\$42,929,343	FY2000	67.2%	\$38,870,025	60.8%	37	\$26,768,277	41.9%	35
Kansas	\$58,005,781	\$45,931,478	FY2000	79.2%	\$43,287,536	74.6%	21	\$29,457,967	50.8%	22
Kentucky	\$77,950,761	\$74,467,822	FY2000	95.5%	\$62,703,008	80.4%	12	\$31,921,549	41.0%	37
Louisiana	\$66,407,635	\$54,289,289	FY2000	81.8%	\$29,924,924	45.1%	49	\$16,484,781	24.8%	50
Maine	\$26,750,082	\$32,023,944	FY2000	119.7%	\$18,627,941	69.6%	28	\$15,611,858	58.4%	14
Maryland	\$67,059,485	\$86,516,014	FY2000	129.0%	\$45,354,089	67.6%	32	\$27,504,725	41.0%	36
Massachusetts	\$85,282,037	\$72,050,457	FY2000	84.5%	\$35,401,830	41.5%	50	\$14,518,915	17.0%	52
Michigan	\$131,830,051	\$113,297,007	FY2000	85.9%	\$79,580,008	60.4%	39	\$43,991,250	33.4%	44
Minnesota	\$86,626,000	\$51,858,691	FY2000	59.9%	\$85,854,927	99.1%	4	\$32,869,329	37.9%	42
Mississippi	\$56,559,350	\$68,840,534	FY2000	121.7%	\$42,163,021	74.5%	22	\$24,631,678	43.6%	31
Missouri	\$93,626,307	\$84,322,805	FY2000	90.1%	\$43,168,332	46.1%	48	\$26,420,382	28.2%	46
Montana	\$46,216,413	\$32,871,663	FY2000	71.1%	\$35,991,380	77.9%	17	\$24,250,582	52.5%	18
Nebraska	\$45,662,439	\$34,877,583	FY2000	76.4%	\$33,780,720	74.0%	25	\$21,891,205	47.9%	26
Nevada	\$36,985,086	\$38,981,358	FY1999	105.4%	\$24,217,547	65.5%	36	\$21,257,729	57.5%	15
New Hampshire	\$26,831,926	\$26,155,952	FY2000	97.5%	\$21,270,562	79.3%	15	\$16,202,688	60.4%	10
New Jersey	\$95,909,938	\$74,611,393	FY2000	77.8%	\$76,090,837	79.3%	14	\$54,000,369	56.3%	17
New Mexico	\$54,899,373	\$44,652,000	FY2000	81.3%	\$45,863,275	83.5%	10	\$36,363,707	66.2%	7
New York	\$188,403,831	\$176,056,518	FY2000	93.4%	\$158,888,953	84.3%	9	\$73,753,249	39.1%	40
North Carolina	\$130,749,605	\$110,018,428	FY2000	84.1%	\$95,744,738	73.2%	26	\$66,077,174	50.5%	23
North Dakota	\$36,944,472	\$22,518,953	FY2000	61.0%	\$29,312,281	79.3%	13	\$25,030,244	67.8%	6
Ohio	\$151,457,747	\$113,607,375	FY2000	75.0%	\$102,338,029	67.6%	33	\$90,070,425	59.5%	12
Oklahoma	\$75,744,650	\$39,448,185	FY1999	52.1%	\$59,374,837	78.4%	16	\$33,280,567	43.9%	30
Oregon	\$52,959,664	\$28,042,300	FY2000	53.0%	\$31,423,914	59.3%	41	\$27,487,789	51.9%	19
Pennsylvania	\$113,190,581	\$99,950,506	FY2000	88.3%	\$58,282,466	51.5%	45	\$29,355,494	25.9%	49
Puerto Rico	\$15,520,839	\$14,847,118	FY1997	95.7%	\$15,520,839	100.0%	1	\$10,677,556	68.8%	5
Rhode Island	\$23,558,974	\$14,487,217	FY1999	61.5%	\$11,949,696	50.7%	46	\$9,530,171	40.5%	38
South Carolina	\$74,539,330	\$32,756,088	FY2000	43.9%	\$49,540,075	66.5%	34	\$28,961,972	38.9%	41
South Dakota	\$38,808,503	\$23,787,692	FY2000	61.3%	\$22,995,506	59.3%	42	\$22,096,562	56.9%	16
Tennessee	\$95,122,392	\$77,535,138	FY2000	81.5%	\$55,432,131	58.3%	43	\$43,739,010	46.0%	28
Texas	\$345,861,246	\$336,000,630	FY2000	97.1%	\$135,548,701	39.2%	51	\$97,018,692	28.1%	47
Utah	\$34,549,548	\$26,316,559	FY2000	76.2%	\$26,657,958	77.2%	18	\$20,543,825	59.5%	13
Vermont	\$23,287,543	\$30,943,413	FY2000	132.9%	\$21,587,729	92.7%	8	\$14,412,187	61.9%	9
Virginia	\$95,318,807	\$103,034,665	FY2000	108.1%	\$45,376,287	47.6%	47	\$26,262,617	27.6%	48
Washington	\$72,680,424	\$68,795,568	FY1999	94.7%	\$60,298,119	83.0%	11	\$31,238,982	43.0%	34
West Virginia	\$36,144,925	\$33,873,172	FY2000	93.7%	\$27,104,169	75.0%	20	\$18,000,651	49.8%	25
Wisconsin	\$109,492,296	\$45,090,639	FY1999	41.2%	\$36,079,574	33.0%	52	\$22,639,138	20.7%	51
Wyoming	\$30,760,988	\$31,935,433	FY2000	103.8%	\$30,560,123	99.3%	3	\$25,311,374	82.3%	2
Totals:	\$4,521,887,122	\$3,820,062,336		84.5%	\$3,071,644,418	67.9%		\$2,008,346,124	44.4%	

Kansas, Maryland, Michigan, Minnesota, Nebraska New Hampshire, North Carolina, Oregon, Rhode Island, South Dakota, Utah, Wisconsin, and Wyoming. The future programming data also support the supply vs. demand findings of more projects wanting to be funded than can be funded each year. How these funds have been programmed across the TE activities is discussed in more detail on page 20.

There are some important programming data issues to point out. While NTEC makes every effort possible to accurately reflect state project selection, it is likely that errors are made when states do not uniformly respond to or review NTEC's project data. For example, for 10 states, NTEC's programming figure is higher than their apportionment. There are reasons for this, including:

- The older project data might not have been updated, so projects that have been dropped or had their funding levels changed are not accounted for;
- The years assigned to projects may be incorrect, and some future-year programmed projects are included with past projects; and
- States may program more TE projects using other Federal or state funds, but not differentiate these in their data submission to NTEC.

Another programming data issue to note is that fifteen states show a higher amount obligated than programmed. The reasons for this include:

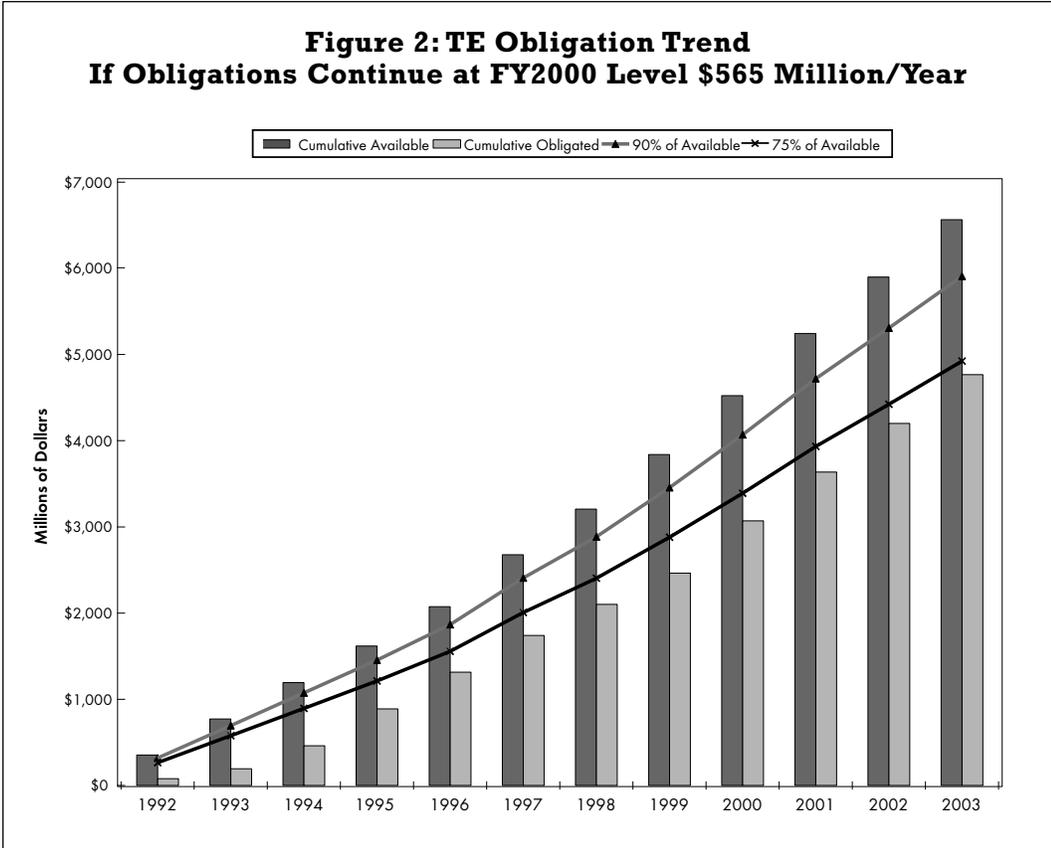
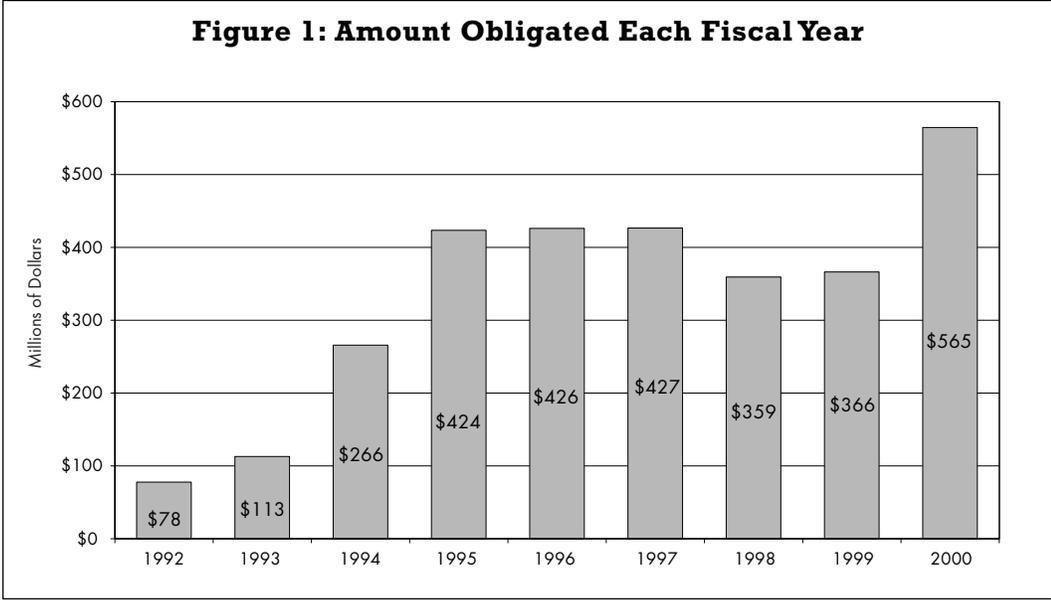
- NTEC's older project data were not reviewed nor updated completely by the state;
- The new project data provided to NTEC does not include all selected projects;
- Differences in methodology for tracking projects between the states and NTEC.

Every year that NTEC collects data, an effort is made to increase the accuracy of the database, but without a full review and reconciliation by each state, discrepancies in programming figures will continue to exist. The database and programming figures are still useful tools for this report, and provide a centralized, national source of information about programmed projects that does not exist elsewhere.

Obligations: Past Trends

Table 2, left, also shows that as of September 30, 2000, only 67.9 percent of all available funds (FY1992 - FY2000) had been obligated. While this *national* rate continues to fall short of the FHWA's own goal of a 75 percent obligation rate, the rate is a slight improvement over the cumulative rate of 65.5 percent that NTEC reported at the end of FY1999. The average FY2000 *state* obligation rate is 70.8 percent.

More important is the significant increase in the amount of money states were able to obligate during FY2000. See **Figure 1** on page 14. In FY2000, the states obligated \$564.7 million, which is the highest amount ever obligated during a single fiscal year. It is also a 35 percent increase over the amount obligated during FY1999. Possible contributing factors to the increase include the establishment of TEA-21 as a known law, the release of final guidance on TE from the Federal Highway Administration, and the movement of many older projects to the obligation stage. Nonetheless, even as the national obligation rate is increasing, the amount of funds unobligated is also increasing. In FY1999, \$1.3 billion was unobligated. In FY2000, \$1.4 billion remains unobligated.



Obligations: Future Trends

According to apportionment data provided by FMIS, at least \$6.56 billion is projected to have been made available to the states by the end of TEA-21 (FY1992- FY2003). This figure includes Revenue Aligned Budget Authority (RABA) revisions to apportionments through FY2001, and FMIS projections for STP apportionments FY2002 and FY2003. If the states are able to obligate Enhancements funds each year at the same level they did in FY2000 (\$564.7 million), they will have cumulatively obligated \$4.7 billion by the end of TEA-21. This is 72 percent of estimated available funds. See Figure 2, left. If the states are unable to sustain the FY2000 obligations in future fiscal years, and obligate instead at the average amount from all past fiscal years, \$335.8 million, they will have only obligated 62 percent of estimated available funds by the end of TEA-21. Both situations show that it is likely that the states will continue to fall short of FHWA's 75 percent obligation goal by the end of TEA-21, but the higher yearly obligation rate will get the states that much closer.

Obligations: Issues

The TE obligation data points to some interesting correlations. Of the ten states with the highest obligation rates, eight were also in the Top Ten reimbursement rate group as well. This would seem to support a correlation between high obligations and high reimbursements (and, in turn, a higher number of finished projects). Also, of the states with the ten largest apportionments, only two had Top Ten obligation rates. Of the states with the ten smallest apportionments, four had Top Ten obligation rates. This information appears to support the theory that the larger states have historically had more difficulty managing and implementing Enhancements programs and projects than states with smaller apportionments.

There are exceptions to these findings that are just as telling. New York and Florida manage to have Top Ten obligation rates even though they have among the highest apportionments in the country. Rhode Island, with the fourth smallest apportionment, has the seventh lowest obligation rate in the nation. Minnesota and New York's reimbursement rates are significantly below their high (Top Ten) obligation rates.

These exceptions illustrate an important point about Transportation Enhancements funds. While trends can be outlined at the national level, obligation rates, at whatever level, can only be explained in the light of state-specific policies and procedures for implementing TE projects. NTEC's research into how states actually obligate projects and what the problems are that impede obligations, reveals some of the things that contribute to low obligation rates:

- Low project costs estimates, the responsibility of both project sponsors and state DOTs, have historically contributed to delays in project obligation. As states have gained experience administering TE projects, some have changed their policies to force better estimates from sponsors and even require contingency fees. Delays in project obligation do contribute to the project cost estimate problem; what were once accurate project costs can become outdated over the course of time it takes to move projects from selection to obligation. As a result, the amount of Federal TE money programmed for a project may no longer be enough, causing states and sponsors to make adjustments to cover costs.

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- The ability of project sponsors to raise the local match in a timely manner can contribute to obligation delays, especially if a local tax increase or revised budget is necessary for project financing. Changes in local administration, such as after an election, can alter priorities within a locality that effect their work on their TE projects. Yet, the FHWA has tried to make it easier on sponsors by approving certain in-kind donations and programmatic match reductions, but it is up to the states to adopt these available procedures. (See page 23)
 - Required environmental reviews can take a long time for sponsors to complete, especially if they are unfamiliar with this process or if state DOTs do not process TE projects through the Categorical Exclusion process of National Environmental Protection Act (NEPA) review. A complaint that NTEC often hears is that some DOTs treat TE projects as if they were highways, requiring a level of design detail and environmental review that can be at odds with the small-scale nature of most TE projects and at odds with Federal guidance that encourages a more streamlined approach.
 - Defining the agreement between sponsors and the DOT, if required, can take a long time. One state that has attempted to correct this delay is Texas. Texas DOT (TxDOT) recently started requiring selected project sponsors to sign a project contract with TxDOT within one year of project selection, and to go to construction within three years or risk losing their Enhancements award.
 - DOT staff who administer TE programs and oversee projects often have more responsibilities than just the TE program, such as also administering the state Scenic Byways program or Recreational Trails program. This makes it difficult for them to pay adequate attention to TE. Understaffing of Enhancements programs also contributes to delays and ability of DOT staff to track projects.
 - State procedures for obligating projects also contribute to the obligation rate. Of the states with the lowest obligation rates, NTEC has found that there are two primary methods of obligating, both of which contribute to the lower rates in those states. The first approach is “phasing” obligations over the stages of project work as that work is ready to commence. Oregon, Missouri, Massachusetts, Wisconsin, South Dakota, Texas, and Virginia obligate projects in phases. The benefit to this approach is that it authorizes only the amount of money truly needed for a project when it is actually ready to proceed. The second approach is for the DOT to obligate only or primarily construction costs, so the sponsor pays for all or most preliminary work. Arizona, Pennsylvania, Louisiana, and Tennessee have adopted this approach. These states release full obligation authority once construction is ready to occur. The benefit of this approach is that it allows more flexibility for sponsors to choose consultants. What these two approaches have in common is that the most expensive component of most TE projects, construction, is the last to be obligated in these states. This lag most likely contributes to the low obligation rate in these states, and the higher rate in other states that release full project obligation authority (all stages) earlier on in the process, or who are willing to adopt a flexible approach (such as in Vermont and Alaska) that obligates in full or in phases depending on the nature of the project. The question remains, however, as to which approach amongst the variety employed by states results in the most streamlined and successful project delivery.

Compared to other Federal-aid highway programs, TE has a low obligation rate. At the end of FY2000, FMIS reports that the National Highway System (NHS) had been allocated \$30 billion more than TE, but the states managed to obligate it at 93 percent. The Congestion Mitigation and Air Quality (CMAQ) program had been allocated more than double TE but as of the end of FY2000, was obligated at 72 percent. While both programs' obligation rate decreased from their FY1999 levels – NHS was obligated at 100 percent and CMAQ at 78 percent – Transportation Enhancements are still not obligated at the same rate as other Federal-aid highway programs.

Ultimately, there is no one single explanation for the low national obligation rate. Nor is there a single way of moving a project through the implementation process that will work in every state, nor a single reason why a rate is the level it is at in any state. The low national rate is the result of the many factors involved in using Federal-aid funds managed by state DOTs and implemented by localities, and an indication that there can be significant delays to moving projects forward and getting the funds into the communities that requested them.

Reimbursements

The final stage of TE project funding is reimbursement for work completed. **Table 2** on page 12 shows that the *national* reimbursement rate by the end of FY2000 was only 44.4 percent, a small (0.5 percent) increase over the reimbursement rate at the end of FY1999. The average *state* reimbursement rate is 48.3 percent.

The reimbursement rate will always be lower than the obligation rate, since work cannot be reimbursed if it has not occurred yet. Given the high amount of money obligated during FY2000, it is likely that the reimbursement rate will increase significantly in future fiscal years as authorized work on TE projects is completed. Nonetheless, reimbursements represent completed work, and at under 45 percent after nine years, the reimbursement rate indicates how slowly Enhancements projects move from selection to completion.

Transfers

FY2000 saw a jump in the number of states and, correspondingly, the amount of money that was transferred out of TE and into other Federal-aid highway programs as allowed by TEA-21. In FY2000, six states transferred a total of \$4,309,355:

- California: \$847,000 transferred to Federal Transit Administration for historic rail car rehabilitation and Geneva Office Building Stabilization.
- Illinois: \$88,000 transferred. As of printing this report, there has been no answer as to where or for what purpose.
- Iowa: \$72,000 transferred to Federal Transit Administration for bike racks on buses.
- Michigan: \$155,000 to Federal Transit Administration for bike racks on buses and passenger shelters.
- Minnesota: \$2,699,243 to the NHS program. Minnesota was the only state to transfer funds in FY1999, and also transferred that \$1,062,624 to NHS.

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- Tennessee: \$448,112 was transferred to the Department of Environment and Conservation for the Recreational Trail program's use on the Cumberland Trail. Tennessee will continue to transfer the allowable amount for the remainder of TEA-21 to this Department for use on the Recreational Trails program.

While these transfers do take money away from TE projects in one sense, it appears that some of the transferred money is being used on TE-type projects. The amount of transferred money is also quite small in comparison to the total funds available for TE projects during FY2000. The cumulative allocation for FY2000 was \$685.5 million according to FMIS. The funds transferred during FY2000 thus account for only 0.6 percent of FY2000's available funds. The total amount transferred during TEA-21 so far, \$5,371,979, accounts for only 0.12 percent of all (FY1992 - FY2000) available funds. Transfers are thus a very small percentage of available funds and will not significantly detract from the funding of TE activities. For a complete explanation of the transfer provisions of Transportation Enhancements, please see **Appendix A** on page 26.

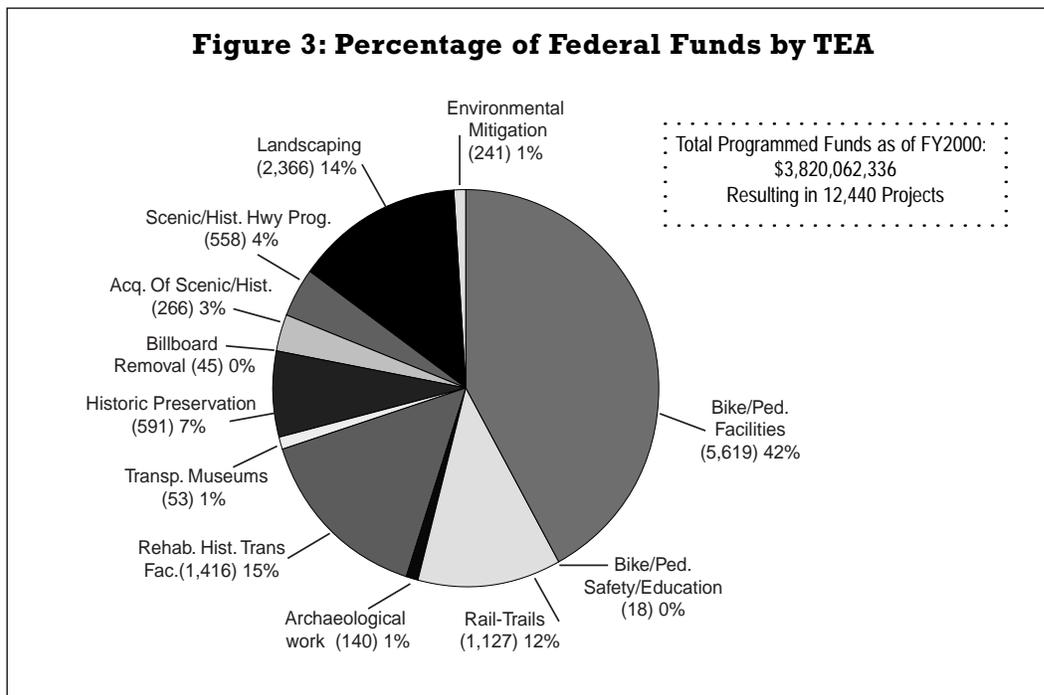
PART TWO: Distribution Across the TE Activities

One of the most important uses of NTEC’s TE project database is for interpreting how Enhancements funds are being spent across the twelve eligible activities. The funding levels in this database are *programming* numbers, not obligations, but NTEC makes every effort to reflect the current and final costs associated with every project and capture those costs in the database funding fields.

Historically, bicycle and pedestrian facilities and historic preservation projects have had the largest percentage shares of programmed Enhancements funds. Therefore, NTEC started tracking the distribution of funds within these activities as “subtypes” of the activities. The Landscaping and Scenic Beautification activity has also grown to the point where a subtype examination is necessary, and NTEC will begin analyzing that TE activity’s data for subtype information. NTEC has also examined how the two new and two modified TE activities included in TEA-21 have been funded, and the distribution of future programmed funds.

The Twelve TEAs

Figure 3 below shows the distribution across all twelve activities, which remains virtually unchanged from previous years. Bicycle and Pedestrian Facilities, combined with Rail-Trails, comprise more than half of all programmed funds at 54 percent. Historic Preservation, combined with Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities, comprise 22 percent of all programmed funds. Landscaping and Scenic Beautification, with 14 percent of all programmed funds, is the third largest category.



The TEA-21 TEAs

More of the two new and two modified activities instituted by TEA-21 were programmed during FY2000, raising the total amount of funds now awarded to these activities. See Table 3, right. The total number of projects in each of these activities selected during FY2000 was

almost the same as during FY1999, effectively doubling the total number selected in each category. However, the total amount of Federal TE funds dedicated to these new or modified activities increased by 42 percent during FY2000. These results show that more project sponsors are aware of the new activities, and that these TE activities have been incorporated into state Enhancements programs. The increase in funding and projects suggests that the number of projects in these TE activities will continue to grow during the remaining years of TEA-21.

Table 3: TEA-21 TE Activities

New/Modified TEA	# of Projects as of 2000	Federal TE Funds as of FY2000
Bike/Ped Safety/Educ.	18	\$2.0 million
Visitor Centers	101	\$68.1 million
Wildlife Connectivity	11	\$394,870
Transportation Museums	53	\$23.2 million

Future Programming

Interestingly, the distribution of funds across the TE activities, within the group of 1,282 future programmed projects in NTEC's database, is different from the distribution across projects from past years. See Table 4 below. Over 55 percent of all future programmed projects are Bicycle and Pedestrian Facilities, and account for over 56 percent of these future programmed funds. This is more than 12 percent higher than the cumulative

Table 4: Programmed Projects by TE activities for FY2001 and Beyond

TE Activity	Project Count	% of All Projects	Federal TE \$	% of All Federal Funds
Bike/Ped Facilities	714	55.7%	\$224,204,229	56.8%
Bike/Ped Safety/Educ.	4	0.3%	\$77,000	0.02%
Scenic/Hist. Acquis.	15	1.2%	\$3,944,300	1.0%
Scenic/Hist. Hwy.& Vis. Cntrs	63	4.9%	\$21,008,791	5.3%
Landscaping	263	20.5%	\$69,134,923	17.5%
Historic Preserv.	42	3.3%	\$17,347,045	4.4%
Hist. Transp. Fac.	93	7.3%	\$36,399,194	9.2%
Rail-Trails	51	4.0%	\$16,949,629	4.39%
Billboard Removal	1	0.1%	\$47,400	0.01%
Archaeology	4	0.3%	\$199,151	0.05%
Runoff Mitigation & Wildlife Connec.	21	1.6%	\$2,785,471	0.7%
Transportation Museums	11	0.9%	\$2,753,181	0.7%
National Totals	1282		\$394,850,314	

distribution of funds to this one activity between FY1992 and FY2000. The Landscaping and Scenic Beautification activity's share of funds and projects is also higher within this group of selected projects than in the FY1992- FY2000 grouping, as is Scenic or Historic Highway Programs. However, the shares of two other traditionally high percentage activities, Rehabilitation of Historic Transportation Facilities and Rail-Trails, are lower in the future programming group than in years past.

While these figures do show a shift across the TE activities, they should not be taken as a prediction of where TE funds will be programmed by all states in future fiscal years since NTEC's data only accounts for some future programming by 20 states. For instance, these 20 states may traditionally select more bicycle and pedestrian facility projects and fewer historic preservation projects, so the numbers may shift back to their past levels once more states' data are included. Moreover, future programming does tend to change since there is a lag between selection and the year in which the projects' authorization and funds become available. Nonetheless, the future programming data available at this point are valuable since they indicate how some funds have already been committed.

Bicycle and Pedestrian Facility Project Subtypes

Figure 4, below, shows the distribution of Federal programmed funds to TE projects with a bicycle and pedestrian component. This includes projects funded in the two traditional bicycle and pedestrian TE activities, as well as other TE activities that include a bicycle and pedestrian component, such as a pedestrian plaza at a railroad station rehabilitation project. Figure 4 demonstrates that the majority of bicycle and pedestrian facilities are trails, with rail-trails accounting for the second largest share of programmed Federal funds associated with bicycle and pedestrian facilities. Pedestrian facilities and on-road bicycle facilities comprise the next largest shares, and transit related facilities and education activities account for the smallest share of these subtype funds.

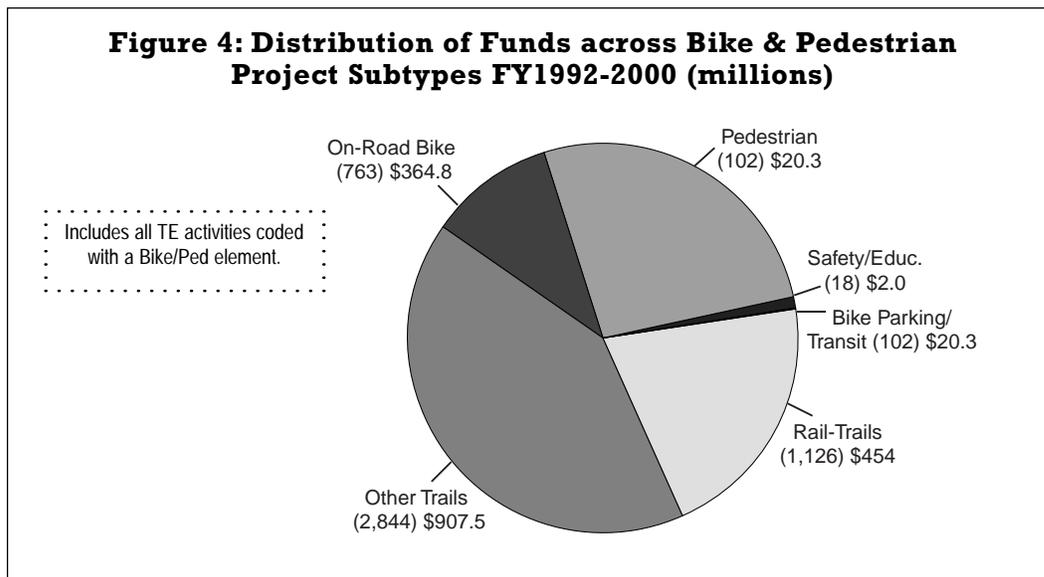
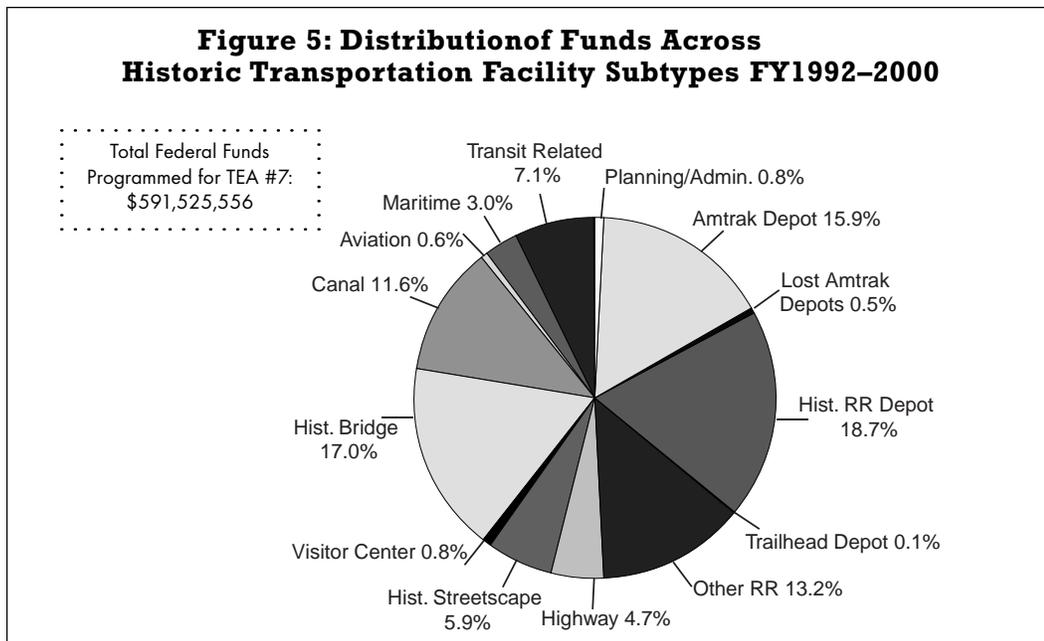


Figure 5: Distribution of Funds Across Historic Transportation Facility Subtypes FY1992–2000



Historic Transportation Facility Project Subtypes

Figure 5 above demonstrates the distribution of funds within the TE activity of Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities. Funds within this TE activity are used for diverse types of projects, but interestingly, almost 50 percent of funds within this category are associated with railroad-related projects. Railroad projects range from active Amtrak depot rehabilitation to preservation of railroad related structures such as rail cars. Historic bridges also account for a large portion of the Federal funds within this TE activity, as do canal projects. Note that while aviation-related projects are accounted for in the NTEC database, they are no longer eligible for funding under TEA-21.

Project Awards and Match Rate

The NTEC project database also yields information regarding funding to projects on a project-by-project basis. This helps NTEC analyze the average project award and match rate in each state. Table 5 on page 24 shows that the average Federal award to TE projects is now \$307,079, and that federal funds have been *nationally* matched at 27 percent. The average *state* match rate is 25 percent. These match percentages continue to show that the local match is higher than the 20 percent match standard defined in ISTEA and TEA-21. Table 5 also shows that 36 states have a match rate higher than 20 percent, and 18 of these states have a match rate higher than the national rate of 27 percent.

A number of states have instituted policies that provide for a match share above and below the 20 percent standard. For example, Louisiana requires only a 5 percent local match for the construction share of a TE project if the local sponsor pays for all preliminary engineering costs, whereas Maryland requires a 50 percent local match so it can spread the

available Federal funds across more projects. There are also Federal streamlining measures in place that help states reduce the required match amount, if the states choose to adopt them and if they are applicable to each particular state. ISTEA and TEA-21 allows 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-credits as a substitute for local match (e.g., New Jersey and Pennsylvania). All states are also allowed to consider the value of donations (e.g., cash, land, materials, or services) towards the local match, as well as determine the match rate on a project by project basis provided that on a fiscal year basis, the program as a group reflects a cumulative 20 percent local match. Overall, the higher national match rate evidenced again in FY2000 is attributable to state policies that encourage a higher local match, project sponsors voluntarily supplying more than the required match amount, or a lack of use by the state of Federally-approved procedures for reducing or eliminating the local match.

Table 5: Federal Awards and Matching Funds FY1992-2000Sorted highest match rate to lowest²

State	Project Count	Total Federal Awards	Average Federal Award	Matching Funds	Match Rate
Virginia	494	\$103,034,665	\$208,572.20	\$159,653,385	61%
Maryland	150	\$86,516,014	\$576,773.43	\$120,173,905	58%
Washington	363	\$68,795,568	\$189,519.47	\$56,777,016	45%
Delaware	119	\$27,296,607	\$229,383.25	\$17,361,117	39%
California	457	\$230,220,400	\$503,764.55	\$129,424,002	36%
South Carolina	243	\$32,756,088	\$134,798.72	\$17,399,203	35%
Iowa	261	\$42,929,343	\$164,480.24	\$22,607,596	34%
Michigan	731	\$113,297,007	\$154,989.07	\$55,706,028	33%
New York	331	\$176,056,518	\$531,892.80	\$77,328,523	31%
Minnesota	213	\$51,858,691	\$243,468.03	\$20,316,031	28%
New Hampshire	101	\$26,155,952	\$258,969.82	\$10,237,499	28%
Puerto Rico	16	\$14,847,118	\$927,944.88	\$5,786,529	28%
Idaho	60	\$22,679,931	\$377,998.85	\$8,760,646	28%
Oregon	97	\$28,042,300	\$289,095.88	\$10,794,450	28%
Pennsylvania	296	\$99,950,506	\$337,670.63	\$36,578,627	27%
South Dakota	138	\$23,787,692	\$172,374.58	\$8,556,852	26%
Mississippi	96	\$68,840,534	\$717,088.90	\$24,199,798	26%
Missouri	376	\$84,322,805	\$224,262.78	\$28,896,223	26%
New Mexico	174	\$44,652,000	\$256,620.69	\$14,893,000	25%
Colorado	312	\$53,745,122	\$172,260.01	\$17,904,472	25%
Wisconsin	288	\$45,090,639	\$156,564.72	\$14,604,297	24%
Georgia	272	\$143,974,268	\$529,317.16	\$46,563,743	24%
Nebraska	439	\$34,877,583	\$79,447.80	\$10,751,026	24%
Indiana	178	\$65,192,478	\$366,249.88	\$19,618,781	23%
Utah	72	\$26,316,559	\$365,507.76	\$7,916,280	23%
Kansas	139	\$45,931,478	\$330,442.29	\$13,611,041	23%
Nevada	82	\$38,981,358	\$475,382.41	\$11,396,411	23%
Arkansas	322	\$56,515,746	\$175,514.74	\$16,423,284	23%
West Virginia	184	\$33,873,172	\$184,093.33	\$9,840,794	23%
North Carolina	346	\$110,018,428	\$317,972.34	\$31,756,754	22%
Kentucky	295	\$74,467,822	\$252,433.29	\$21,292,252	22%
Ohio	233	\$113,607,375	\$487,585.30	\$32,251,607	22%
Oklahoma	103	\$39,448,185	\$382,992.09	\$10,823,867	22%
North Dakota	98	\$22,518,953	\$229,785.23	\$6,123,473	21%
Montana	397	\$32,871,663	\$82,800.16	\$8,597,993	21%
Alabama	459	\$89,164,040	\$194,257.17	\$23,126,219	21%
Rhode Island	66	\$14,487,217	\$219,503.29	\$3,717,863	20%
Illinois	399	\$240,119,452	\$601,803.14	\$61,608,354	20%
Hawaii	34	\$35,186,841	\$1,034,907.09	\$8,796,713	20%
Massachusetts	245	\$72,050,457	\$294,083.50	\$18,012,615	20%
Tennessee	292	\$77,535,138	\$265,531.29	\$19,383,784	20%
Connecticut	161	\$98,328,330	\$610,734.97	\$24,331,815	20%
Vermont	161	\$30,943,413	\$192,195.11	\$7,627,364	20%
Maine	169	\$32,023,944	\$189,490.79	\$6,750,966	17%
Alaska	152	\$55,197,922	\$363,144.22	\$11,088,496	17%
Louisiana	231	\$54,289,289	\$235,018.57	\$10,788,613	17%
Texas	405	\$336,000,630	\$829,631.19	\$66,044,416	16%
Wyoming	212	\$31,935,433	\$150,638.83	\$5,622,944	15%
Arizona	173	\$59,337,448	\$342,991.03	\$10,390,861	15%
Dist. of Columbia	41	\$22,762,566	\$555,184.54	\$3,944,655	15%
New Jersey	173	\$74,611,393	\$431,279.73	\$9,241,642	11%
Florida	591	\$212,618,255	\$359,760.16	\$18,885,318	8%
Totals:	12440	\$3,820,062,336	\$307,078.97	\$1,414,289,143	27%

Summary of Major Findings

The picture that emerges from NTEC's major findings suggests that Enhancements projects are popular and in high demand, and that states are selecting projects at a high rate and even have selected projects for future fiscal years. The twelve different activities continue to be funded at similar percentages as in past years, the number of projects selected in the new or modified TE activities is increasing, and the two highest funded activities continue to be bicycle and pedestrian related facilities and historic preservation projects.

Despite the popularity and the high selection rate, NTEC's data once again show that there is a continued slowdown between selection and implementation of Enhancements projects as indicated by low national obligation and reimbursement rates. NTEC continues to use obligations as an indication of the status of the program because obligation usually occurs when projects are ready to begin billable work and move towards implementation. Obligation is therefore an important indication of the movement of projects from paper to reality. Reimbursements are even more telling, since they represent work that is actually completed, but since there appears to be a bottleneck at obligation, NTEC chooses to focus on that number for information about project progress.

The FHWA's own goal of 75 percent obligation rate is not being met, and most likely will not be met by the end of TEA-21 given the current rate that states are obligating projects. Seventy-five percent obligation rate is not an unreasonable goal, considering that in FY2000, the National Highway System program was obligated at 93 percent and the Congestion Mitigation and Air Quality program was obligated at 72 percent. The difference in obligations for these different Federal-aid highway programs is most likely due to priorities established by state DOTs and the differences in processing projects within these programs. Within TE, there are reasonable explanations for the lag between selection and obligation, such as time for a project to go through review and finalize design plans; the ability of project sponsors to raise local match funds in a timely manner; changing project costs estimates; and state procedures for obligating projects.

Some DOTs have worked hard to reexamine their administration of Enhancements funds and projects in order to remove obstacles to more streamlined project implementation. Yet, future trends suggest that the efforts so far have not done enough. Even if the states continue to obligate at the FY2000 rate, there could be \$1.8 billion in Enhancements funds that remain unobligated at the end of TEA-21 in 2003. There is a high demand for Enhancements projects, yet the amount of potentially unobligated funds is equivalent to 3,288 projects not being funded (at the average Federal award level). These numbers indicate that more work could be done within the individual states and FHWA divisions to make the timely delivery of Transportation Enhancements projects a greater priority. This will not only put Transportation Enhancements more on par with other Federal-aid programs, but also, deliver the social and economic benefits associated with Enhancements projects to more 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 various reasons. 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 NTEC database. This report uses the terms award, selected, and programmed interchangeably.

Obligations represent the 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 to fund a project. Obligations are typically made when a project or discrete project phase is ready to have consultants or contractors begin billable work. Obligations are tracked in the FHWA financial accounting system known as the Fiscal Management Information System (FMIS). In this report, the obligation figures used are also cumulative for FY1992 - FY2000. It should be noted that 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 work on TE projects, 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.

TEA-21 Transfers indicate the amounts of money transferred from the TE program to other Federal-aid 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 percent of the portion of a state's annual TE funding that is above the state's FY1997 TE apportionment level. Over the course of six Federal fiscal years governed by TEA-21, a total of approximately \$108 million will be transferable. Since FMIS does not track transfers in the same way the track other benchmarks, NTEC calculates transfers by comparing each states' apportionment at the beginning of the fiscal year with its reported apportionment at the end of the fiscal year. If there is a difference, it is because a transfer occurred.

STP Pilot Program Transfers: During ISTEA, Washington and Minnesota were part of a test pilot program with FHWA for transferring STP funds, including TE, to a special streamlined account. The DOTs still spent these funds on the STP programs from which the funds originated (i.e., transferred TE funds still were spent on TE projects). The test account was closed with the passage of TEA-21, so no other transfers occurred. Since these TE transfers were still spent on TE projects, NTEC does not count them as transfers like the above stated TEA-21 transfers done by other states. NTEC also includes the value of Washington and Minnesota's special account transfers into these states' obligation rates, since the funds were obligated for TE projects. Overall, Washington transferred and spent \$18,258,375 and Minnesota transferred and spent \$25,309,910 on TE projects through this special account.

Appendix B: State DOT Enhancements Manager Contact Information

NTEC's Web site — www.enhancements.org — features full and current contact information for these and other TE-related government offices.

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Endnotes

¹ All figures represent the cumulative totals FY1992 – FY2000. Programming, Obligation, and Reimbursement rates are calculated as a percentage of Available.

² Most figures in Table 5 do not account for the value of toll credits or “soft match”.



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