



Transportation Enhancements

Summary of Nationwide
Spending as of FY 2004

MAY 2005

Prepared by the
National Transportation
Enhancements Clearinghouse



Transportation Enhancements

Summary of Nationwide
Spending as of FY 2004

MAY 2005

Acknowledgments

This report was prepared and written by the National Transportation Enhancements Clearinghouse under the supervision of Susanne Fogt, NTEC program coordinator with assistance from Ryan Greene-Roesel and Hugh Morris. This material is based upon work supported by the Federal Highway Administration under cooperative agreement No. DTFH61-02-X-00055 with Rails-to-Trails Conservancy. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author and do not necessarily reflect the view of the Federal Highway Administration.

This publication would not be possible without the contributions of staff from state DOTs. The accuracy of the data they provide is crucial to the value of this report.

Table of Contents

Executive Summary	2
Figure 1: Transportation Enhancements Financial Summary	3
Background and Introduction	4
Data Collection Process	6
Major Findings.....	8
Transportation Enhancements Spending Benchmarks	8
Table 1: State TE Program Benchmarks	9
Table 2: Obligation Rates: FY 1999 – FY 2004	12
Figure 2: TE Funds Obligated Each Fiscal Year	14
Figure 3: TE Obligation Trends	14
Table 3: TE Fund Transfers.....	16
Distribution Across Transportation Enhancement Activities	17
Figure 4: Distribution of Federal Funds by TE Activity	17
List of Twelve Eligible TE Activities	18
Figure 5: Distribution of Funds Across Bike and Pedestrian Subtypes	19
Programmed Federal Awards and Match Rates	20
Table 4: Programmed Federal Awards and Matching Funds	21
Conclusions	22
Appendix A: Federal-Aid Financing Terminology	23
Appendix B: State Program Short Descriptions.....	24
Appendix C: State DOT TE Manager Contact Information	28
Appendix D: NTEC Resources Information	30

Executive Summary

Transportation Enhancements: FY 2004 Summary of Nationwide Spending is a report prepared annually by the National Transportation Enhancements Clearinghouse (NTEC). This report provides an overview of how states spent Transportation Enhancements (TE) funds from fiscal year (FY) 1992 through the end of FY 2004.

These dates span the period of time since TE was established as a dedicated funding source with the enactment of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1992. Funding of TE continued in the Transportation Equity Act for the 21st Century (TEA-21), ending on September 30, 2003. Since that date, funding of TE has continued through a series of short-term extensions, while reauthorization of a new transportation bill is decided on Capitol Hill. At the time of printing, a seventh temporary extension continues surface transportation programs until transportation legislation is reauthorized.

NTEC uses benchmark figures to assess the status of TE spending on a national as well as state-by-state basis. The report also addresses the distribution of these funds across the 12 eligible TE activities, which are detailed on page 18. This report allows NTEC to provide an assessment of how TE activities are being funded and, ultimately, implemented for the benefit of communities across the nation.

Spending Benchmarks and Data Evaluation

There are five distinct phases, or benchmarks, of spending that NTEC uses to evaluate how states use TE funds:

Available: Available funds are a 10 percent set aside of Surface Transportation Program (STP) funds plus 10 percent of the portion of Minimum Guarantee funds and Revenue Aligned Budget Authority (RABA) that are distributed to the STP, less amounts transferred. This data is collected from FMIS (see below).

Programming: amount for selected/planned projects. NTEC collects this data from states on a voluntary basis.

Obligations: amount authorized to spend.

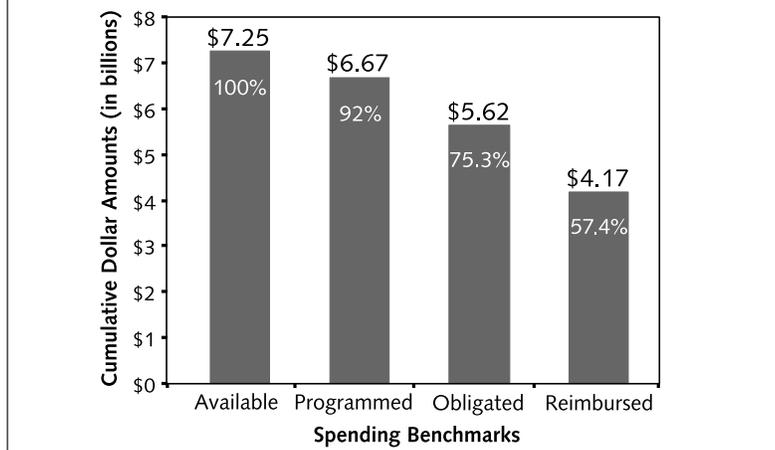
Reimbursements: amount paid to sponsor for completed work.

Transfers: amount transferred from TE to other transportation programs.

Figure 1 on page 3 illustrates the status of four of the five benchmarks at the national level. Using data obtained from FHWA's Fiscal Management Information System (FMIS), NTEC determined that \$7.25 billion has been made available to the states for use on TE activities since 1992. Using data from NTEC's nationwide project listing, updated most recently in the spring of 2005, NTEC determined that state Departments of Transportation (DOTs) programmed at least 92 percent of available funds for more than 19,542 projects through FY 2004.

FMIS also reports that state DOTs collectively and cumulatively obligated 75.3 percent of available funds, an increase over the 74.4 percent obligation rate reported at the end of FY 2003. Reimbursements through FY 2004 were at 57.4 percent, up from 55 percent in FY 2003.

Figure 1: Transportation Enhancements Financial Summary: Cumulative Available, Programmed, Obligated, and Reimbursed (FY 1992 through FY 2004)



Obligation and reimbursement rates are noteworthy because they are indicative of the relative progress with which projects move from selection to implementation and are a measure of the lag between project selection and implementation. NTEC’s research finds that there are various reasons for project delays, but none are singularly responsible for slow project delivery. The range of obligation rates reflects the differences in approaches, priorities, problems, policies, and solutions of states and sponsors to implement the program. Transfers are discussed in a later section.

Distribution of Funds Across the TE Activities

NTEC’s national project data indicates that the distribution of funds across the 12 activities has changed only slightly since FY 1999. Bicycle and pedestrian facilities, combined with rail-trails, comprise 54.5 percent of programmed funds between FY 1992 and FY 2004. Historic preservation and preservation of historic transportation facilities received 16.1 percent of TE funds. Landscaping and scenic beautification received 16 percent of TE funds. Together, these five categories account for 86.6 percent of programmed federal funds.

Conclusion

The high demand for TE funds and the variety and number of projects that have already been selected testify to the popularity of TE activities. As NTEC’s project data shows, many different types of projects are being funded across the 12 eligible activities. Nationwide TE spending has shown a gradual increase over the life of TEA-21. Yet the lower obligation and reimbursement rates, relative to other federal-aid highway programs, indicate that state DOTs, FHWA divisions, and project sponsors face obstacles to actually implementing TE projects. State-specific hurdles, whether they be political support or sponsor preparedness, should be identified and remedied to more efficiently deliver TE projects to communities.

Background and Introduction

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) was the authorizing legislation that established a dedicated funding stream for a set of 10 newly defined TE activities under the Federal-aid Highway Program. Ten percent of the Surface Transportation Program (STP) funds, plus 10 percent of the portion of Minimum Guarantee funds and Revenue Aligned Budget Authority (RABA) that are distributed to the STP, were set aside for these activities.

The dedication of a portion of federal-aid highway funds specifically for TE demonstrated a significant shift in national transportation policy. Prior to ISTEA, only a few of these activities had been eligible for federal-aid highway funding, and they were often excluded from 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, Congress reauthorized federal-aid highway programs through the Transportation Equity Act for the 21st Century (TEA-21). The 10 percent set-aside for TE continued, and funding levels increased by 40 percent. Two TE activities were expanded and two new TE activities were added to the list of eligible activities. The complete list is shown on page 18.

The majority of projects that use TE funds are small-scale projects with an average federal share of \$340,615. They are initiated at the local level by city or county governments or community-based organizations, referred to as sponsors. Projects funded with TE dollars can also be initiated by state DOTs, other state agencies, federally-recognized tribal governments, or federal agencies.

Administration of TE Funds and Projects

Like other components of the Federal-aid Highway Program, TE activities are federally funded and state administered. The Federal Highway Administration (FHWA) division offices provide guidance, stewardship, and oversight for the use of TE funds.

Transportation Enhancement activities are funded through a minimum 10 percent set aside of each state's (and D.C.'s) annual STP funds (plus the Minimum Guarantee and RABA amounts distributed to the STP).¹ State DOTs administer apportioned TE funds. The FHWA division offices in each state determine project eligibility according to guidance developed by FHWA Headquarters, Office of Natural and Human Environment. For a project to be eligible, federal law states that 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 flexibility to states with regard to managing and administering TE funds. State DOTs use a wide range of approaches to the various aspects of TE management, including soliciting and selecting TE projects; involving local sponsors; administering the various federal options for financing matching funds; managing project development; and construction contracting. Collectively, these approaches and procedures are now commonly referred to as TE programs. Every state publishes a document describing its unique program guidelines and policies. Detailed information about a particular state's TE program is found on the NTEC Web site, along with contact information for each state.

¹ Puerto Rico, under TEA-21, no longer received STP funds for TE activities.

FY 2004 Summary of Nationwide Spending

The National Transportation Enhancements Clearinghouse (NTEC) presents this report for use by all interested in Transportation Enhancements (TE) and the status of this funding source both at the state and national levels. This report is updated annually and allows NTEC to provide an assessment of how TE activities are being funded and implemented.

The report is structured in two main sections. The **Data Collection Process** section summarizes TE spending figures, cites sources, explains the methodology of data collection, and explores state-specific data issues. The **Major Findings** section presents an analysis of TE activities at the end of fiscal year (FY) 2004 based on the traditional benchmarks of state spending. Also covered are trends within the TE activities themselves, such as the distribution of funds across the 12 eligible activities. The report also contains three appendices that provide supplemental information.

TEA-21 expired on September 30, 2003. Funding for TE in FY 2004 continued through a series of short-term extensions, with full reauthorization of a new transportation bill still unresolved. This is significant to note, as the delay in reauthorization influenced the project selection process for several states. Some states reported they will not program new projects until new legislation has passed. As a result, FY 2004 had fewer new projects programmed than in years past.

Also important to note is that the TE program has made significant strides since its inception in 1992. NTEC is pleased to report that as of FY 2004, the TE program has reached and slightly surpassed FHWA's stated obligation goal of 75 percent. More details on this achievement are discussed in the Major Findings section.

While this report provides one perspective on the status of TE, readers with questions about the TE program in their state should contact their state Department of Transportation (DOT) directly. Contact information for state DOT TE managers is included in Appendix C, and on the NTEC Web site at www.enhancements.org.

Common abbreviations 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
FY: Fiscal Year

Data Collection Process

The information in this report is based on data collected and maintained by the National Transportation Enhancements Clearinghouse (NTEC). In 1993, Rails-to-Trails Conservancy developed a database of TE projects funded by each state. This project listing has been managed and updated by NTEC since 1998 as part of its partnership with FHWA.

New TE spending data is compiled annually by NTEC staff. Data for this report was collected between May 2004 and April 2005. State DOTs provided NTEC with programming (selected/planned 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 (some do not have the data and others do not provide the data to NTEC). Apportionment, obligations, and reimbursement data are obtained from the FHWA Fiscal Management Information System (FMIS). FMIS provides NTEC with the cumulative and fiscal year activity for every state for funds available, obligated, and reimbursed. Every state is required to report its obligations and reimbursements through the FMIS system.

NTEC relies on the participation and cooperation of state DOT staff to provide 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 nationwide, the participation of each state DOT is crucial for the accuracy and completeness of NTEC's information. During the most recent data collection, 45 states and the District of Columbia provided NTEC with programming information.

State Participation During FY 2004

A breakdown of state participation during the FY 2004 data collection follows.

- ☛ **Submitted a complete update of older project data and submitted new project data:** Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
- ☛ **Submitted an update of new project data only:** North Carolina.
- ☛ **Updated old data, but reported no new data to submit:** Connecticut, District of Columbia, Maine, Massachusetts, Nevada, South Dakota.
- ☛ **Did not participate:** Alaska, Minnesota, New Mexico, North Dakota, South Carolina, and Utah.

A Profile of the Transportation Enhancements Project List

The national list of programmed TE projects now contains 19,542 projects selected from FY 1992 to FY 2004. NTEC's database also contains 1,142 programmed projects for *future* fiscal years, from FY 2005 to FY 2014. Altogether, the list contains 20,684 programmed TE projects. For the purposes of this report, NTEC's programming numbers and analysis are based only on the projects selected for funding through FY 2004 unless otherwise noted. The data that NTEC collects for each project in the list includes: state, project name, TE activity, TE activity subtype, year programmed, ID number, city and county location, primary use of funds, and the federal, matching, and total funding amounts. NTEC also requests and collects additional information, if available, such as project description, sponsor information, congressional district, DOT district, and implementation status. The national TE project list is available on the NTEC Web site.

Several states, including Wisconsin, Massachusetts, and Alaska, have funded numerous TE-eligible projects using funding sources other than the TE set-aside. Though they are beneficial for communities, these projects are not included in this analysis, which is intended to provide perspective on states' use of TE funds.

Major Findings

The findings of this report are based on data obtained from the Federal Highway Administration's (FHWA) Fiscal Management Information System (FMIS) and NTEC's national list of TE projects. The data analyzed in this report is up-to-date as of September 30, 2004, and used to identify trends over the lifetime of the TE program. The following section, Major Findings, covers three areas of interest and importance to TE. The first part addresses cumulative monetary levels among the stages of funding. The second part discusses nationwide trends across and within the 12 TE activities, and the third part provides project award and match rate trends. This section concludes with an analysis of future fiscal year programming and a brief discussion of state obligation policies.

TRANSPORTATION ENHANCEMENTS SPENDING BENCHMARKS

Available

Available funds are the amount apportioned to the state DOTs exclusive of the amount transferred from TE to other allowable transportation programs. In FY 2004 roughly \$845 million was apportioned to the states for TE, up from \$648 million in FY 2003.²

From FY 1992 through FY 2004, the cumulative amount made available to all states was \$7.3 billion. The distribution among states is shown in **Table 1**. States are typically not authorized to obligate all apportioned funds due to annual congressionally mandated limitations on obligations, known as obligation authority.

Programming

Each year NTEC asks state DOTs to provide information on programmed projects. Programmed projects are those approved by individual states to receive TE funding. As a result, NTEC's database now covers 13 fiscal years of TE programming. **Table 1** indicates that the cumulative level of programming for FY 1992 through FY 2004 is \$6.67 billion, which represents 92 percent of all available funds. Since there are six states for which NTEC does not have current programming numbers, the actual programming level is most likely higher than the amount documented in the NTEC database. Overall, despite the delay in reauthorization of the federal transportation bill, programming is continuing to occur.

NTEC's data also shows that 16 states have selected projects for future fiscal years. The database now has 1142 future-programmed projects worth \$416 million in federal TE funds. The future programming data suggests that there are more requests for project funding than can be accommodated each year.

² FHWA apportioned FY 2004 funds as if FY 2004 were a continuation of the existing Federal-aid Highway Program funding categories at FY 2004 levels (using the Administration's SAFETEA funding levels as a guide). As the proposed Highway Safety Improvement Program (HSIP) does not yet exist, the HSIP amounts were included in the Surface Transportation Program, thus drawing the 10 percent set aside for TE from a larger pot of money. This accounts for a larger FY 2004 apportionment.

Table 1: State TE Program Benchmarks FY 1992 through FY 2004

State	Available	Programmed		Obligated		Reimbursed	
	FY92-04	FY92-04	Rate	FY92-04	Rate	FY92-04	Rate
Alabama	\$150,780,178	\$140,540,956	93.2%	\$119,093,969	79.0%	\$80,725,597	53.5%
Alaska	\$116,754,439	\$108,799,671	93.2%	\$111,765,531	95.7%	\$103,002,521	88.2%
Arizona	\$128,148,262	\$128,152,682	100.0%	\$86,227,807	67.3%	\$62,049,352	48.4%
Arkansas	\$94,888,011	\$90,958,815	95.9%	\$83,515,073	88.0%	\$75,313,697	79.4%
California	\$618,199,609	\$663,866,428	107.4%	\$492,494,499	79.7%	\$351,459,194	56.9%
Colorado	\$105,769,848	\$68,831,682	65.1%	\$79,650,891	75.3%	\$68,349,563	64.6%
Connecticut	\$103,573,190	\$96,296,217	93.0%	\$90,971,426	87.8%	\$75,781,930	73.2%
Delaware	\$39,835,264	\$52,348,842	131.4%	\$31,134,916	78.2%	\$27,445,589	68.9%
District of Columbia	\$32,742,013	\$31,933,713	97.5%	\$29,151,303	89.0%	\$19,973,568	61.0%
Florida	\$389,724,842	\$361,391,952	92.7%	\$282,150,556	72.4%	\$264,059,687	67.8%
Georgia	\$271,208,660	\$270,842,396	99.9%	\$205,690,441	75.8%	\$160,077,356	59.0%
Hawaii	\$62,277,659	\$50,187,135	80.6%	\$50,187,135	80.6%	\$32,903,750	52.8%
Idaho	\$50,339,188	\$36,713,500	72.9%	\$38,357,194	76.2%	\$31,020,317	61.6%
Illinois	\$284,671,507	\$252,548,713	88.7%	\$199,631,279	70.1%	\$157,914,762	55.5%
Indiana	\$194,053,085	\$223,304,359	115.1%	\$159,044,338	82.0%	\$127,578,329	65.7%
Iowa	\$100,774,156	\$82,881,190	82.2%	\$77,127,992	76.5%	\$61,310,704	60.8%
Kansas	\$99,602,587	\$82,713,547	83.0%	\$74,139,295	74.4%	\$67,433,148	67.7%
Kentucky	\$123,439,126	\$123,330,147	99.9%	\$111,623,470	90.4%	\$74,472,304	60.3%
Louisiana	\$110,427,543	\$96,900,283	87.8%	\$54,976,448	49.8%	\$46,010,485	41.7%
Maine	\$37,609,727	\$34,795,369	92.5%	\$26,586,488	70.7%	\$22,692,351	60.3%
Maryland	\$112,934,137	\$116,854,855	103.5%	\$88,669,275	78.5%	\$61,342,056	54.3%
Massachusetts	\$125,272,402	\$63,822,313	50.9%	\$50,568,462	40.4%	\$26,704,078	21.3%
Michigan	\$237,392,180	\$210,652,794	88.7%	\$169,497,517	71.4%	\$124,469,196	52.4%
Minnesota*	\$141,690,408	\$107,142,997	75.6%	\$135,999,197	96.0%	\$119,949,209	84.7%
Mississippi	\$93,336,865	\$74,873,876	80.2%	\$74,093,413	79.4%	\$56,841,032	60.9%
Missouri	\$143,232,039	\$138,099,655	96.4%	\$115,009,286	80.3%	\$80,269,553	56.0%
Montana	\$68,085,603	\$51,176,160	75.2%	\$52,234,192	76.7%	\$41,864,641	61.5%
Nebraska	\$66,573,957	\$58,430,256	87.8%	\$52,932,612	79.5%	\$35,539,656	53.4%
Nevada	\$57,867,728	\$56,352,936	97.4%	\$40,041,474	69.2%	\$34,981,348	60.5%
New Hampshire	\$41,548,291	\$30,263,252	72.8%	\$36,173,511	87.1%	\$26,892,802	64.7%
New Jersey	\$151,081,484	\$138,355,694	91.6%	\$116,091,310	76.8%	\$90,550,480	59.9%
New Mexico	\$81,162,059	\$74,017,800	91.2%	\$62,518,652	77.0%	\$53,125,150	65.5%
New York	\$294,285,116	\$251,703,864	85.5%	\$225,998,546	76.8%	\$138,545,676	47.1%
North Carolina	\$215,601,495	\$193,444,852	89.7%	\$181,056,156	84.0%	\$138,020,198	64.0%
North Dakota	\$54,476,702	\$37,762,753	69.3%	\$44,009,104	80.8%	\$39,797,799	73.1%
Ohio	\$236,507,785	\$167,021,328	70.6%	\$190,887,341	80.7%	\$155,567,516	65.8%
Oklahoma	\$119,983,028	\$107,087,775	89.3%	\$106,073,255	88.4%	\$71,562,919	59.6%
Oregon	\$90,038,815	\$66,422,328	73.8%	\$55,195,403	61.3%	\$47,418,370	52.7%
Pennsylvania	\$211,215,944	\$290,954,860	137.8%	\$135,629,576	64.2%	\$81,484,372	38.6%
Rhode Island	\$37,589,238	\$31,899,626	84.9%	\$34,790,894	92.6%	\$23,693,516	63.0%
South Carolina	\$130,622,818	\$57,176,269	43.8%	\$102,074,669	78.1%	\$68,073,254	52.1%
South Dakota	\$53,464,854	\$31,451,098	58.8%	\$32,219,224	60.3%	\$31,717,695	59.3%
Tennessee	\$155,979,286	\$154,917,679	99.3%	\$112,317,587	72.0%	\$73,527,112	47.1%
Texas	\$554,722,716	\$552,806,096	99.7%	\$323,135,114	58.3%	\$253,197,717	45.6%
Utah	\$56,757,406	\$33,712,596	59.4%	\$39,476,058	69.6%	\$34,767,090	61.3%
Vermont	\$36,330,346	\$40,634,164	111.8%	\$30,538,222	84.1%	\$24,585,598	67.7%
Virginia	\$163,451,855	\$174,710,985	106.9%	\$155,456,868	95.1%	\$76,227,778	46.6%
Washington*	\$117,453,156	\$115,184,825	98.1%	\$94,154,195	80.2%	\$83,097,180	70.7%
West Virginia	\$57,913,367	\$57,019,425	98.5%	\$50,647,797	87.5%	\$35,903,971	62.0%
Wisconsin	\$172,331,691	\$134,045,367	77.8%	\$93,216,317	54.1%	\$72,525,077	42.1%
Wyoming	\$44,154,893	\$40,953,882	92.8%	\$42,711,275	96.7%	\$39,362,258	89.1%
Puerto Rico	\$15,520,839	\$15,507,118	99.9%	\$15,520,839	100.0%	\$13,967,993	90.0%
Total*	\$7,253,397,397	\$6,671,797,075	92.0%	\$5,462,457,390	75.3%	\$4,165,146,492	57.4%

*Minnesota and Washington figures have been adjusted for SIP Blt. All figures represent cumulative totals FY92-FY04

There are some important issues to note regarding programming data. While NTEC makes every effort possible to accurately reflect state project selection, it is likely that errors occur when states do not uniformly respond to or review NTEC's existing project data. For example, for 13 states, NTEC's programming figures are lower than actual obligations. The reasons for this could include:

- ⌘ Older project data was not completely reviewed or updated (some states report an inability to track older, ISTEA-era projects);
- ⌘ The project data provided to NTEC did not include all selected projects;
- ⌘ Differences in methodology for tracking projects.

Another issue to note is that 8 states have programming totals that are higher than apportionments. Possible reasons for this include:

- ⌘ States program more than their apportionments with the expectation that some projects may be dropped;
- ⌘ Older project data was not updated, so projects that have been dropped or had their funding levels changed are not accounted for;
- ⌘ Years assigned to projects may be incorrect, and some future-year programmed projects are included with past projects; and
- ⌘ States may combine a TE project with other federal or state funds, but not differentiate these in their data submission to NTEC.

Every year NTEC makes an effort 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. Nonetheless, the database and programming figures are still useful tools for the purposes of this report, and provide a centralized, national source of information about programmed projects that does not exist elsewhere.

Obligations: Background and Current Trends

An obligation is a commitment by the federal government to reimburse states for the federal share of a project's cost. Obligation occurs when a formal project agreement is executed between the federal government and the state. Obligated funds are then committed to a particular project. State DOTs are required to report obligations to FMIS. NTEC obtains obligation figures from FMIS for each state at the close of the fiscal year.

The financing of federal-aid highway programs, such as TE, is a complex process. Part of the financing process is a budgetary control measure placed on obligations, referred to as limitations. A limitation on obligations is an upper limit placed on the sum of all obligations that can be made within a fiscal year for the entire Federal-aid Highway Program.

Along with annual apportionments, Congress gives the Federal-aid Highway Program a limitation on obligations for that year to control annual federal expenditures. Obligation authority is then distributed among the states. Within the overall limitation, each state has flexibility to choose how to use funds among the various highway programs as long as the total obligations do not exceed the set limit. Therefore, while it may appear that states are not obligating all of their apportionment, not all of these funds may be accessible in a given year. For example, in FY 2003 Congress imposed an overall obligation limitation such that approximately 86 percent of total apportionments could be obligated.

Limitations on obligations should be kept in mind, as this report discusses TE obligation rates which are calculated based on available funds (apportionment minus transfers) without considering obligation limitations.

Table 1, page 9, shows that as of September 30, 2004, 75.3 percent of all available TE funds (cumulative FY 1992 through FY 2004) had been obligated. For the first time since the inception of the program, the cumulative national obligation rate meets and slightly surpasses FHWA's stated goal of 75 percent.

Although the national obligation rate rose in the last fiscal year, there was a slight decrease in the amount of money states obligated during FY 2004, as shown in **Figure 2**, on page 14. The difference in obligation rate between FY 2003 and FY 2004 is the smallest in the last six years; however, high obligation rates in FY 2002 and FY 2003 enabled the FY 2004 obligation rate to meet the 75 percent FHWA goal.

Figure 3, on page 14, provides a graphic representation of the cumulative amounts of TE funds made available relative to funds obligated through FY 2004.

In recent years, many states have made great strides in moving their programmed projects to completion and have developed more effective methods for obligating TE funds. Twenty three states have increased their obligation rates by more than 10 percentage points since FY 1999, as shown in **Table 2**, on page 12. The most dramatic increases have been in Virginia, Rhode Island, Missouri and Arkansas, each with increases of more than 30 percentage points. Wisconsin, California, Texas, Idaho, and Minnesota have increased obligation rates by more than 20 percentage points. Virginia attributes the increase not only to the efforts of its staff, but also to a change in accounting methodology. Previously, Virginia would obligate each project in phases. Now the entire project is obligated at the start. Rhode Island reports prioritized and concentrated efforts to get TE projects accomplished as the key to their increased obligations.

Other possible contributing factors to continued increases in obligations include the maturation of the TE program, the movement of older projects to the implementation stage, and a streamlining of project selection and management.

Table 2: Obligation Rates FY 1999 through FY 2004

State	FY99	FY00	FY01	FY02	FY03	FY04	Change FY99-FY04
Alabama	70.5%	67.8%	74.7%	74.9%	75.6%	79.0%	8.5%
Alaska	100.0%	100.0%	100.0%	98.6%	99.3%	95.7%	-4.3%
Arizona	49.6%	55.3%	55.7%	56.1%	60.3%	67.3%	17.7%
Arkansas	56.4%	60.1%	72.9%	80.5%	93.2%	88.0%	31.6%
California	53.8%	66.3%	72.0%	77.0%	74.9%	79.7%	25.9%
Colorado	77.3%	76.3%	75.6%	74.1%	77.9%	75.3%	-2.0%
Connecticut	95.6%	93.2%	87.6%	84.0%	84.0%	87.8%	-7.8%
Delaware	68.9%	74.3%	68.1%	76.7%	76.5%	78.2%	9.3%
District of Columbia	84.8%	93.9%	90.0%	87.8%	100.0%	89.0%	4.2%
Florida	99.9%	95.1%	89.5%	87.3%	81.9%	72.4%	-27.5%
Georgia	68.4%	71.2%	76.2%	75.4%	84.3%	75.8%	7.4%
Hawaii	69.3%	74.0%	76.0%	68.7%	84.1%	80.6%	11.3%
Idaho	55.7%	60.5%	62.1%	63.5%	66.9%	76.2%	20.5%
Illinois	63.5%	68.8%	68.3%	65.0%	65.5%	70.1%	6.6%
Indiana	63.8%	68.8%	76.7%	75.9%	78.9%	82.0%	18.2%
Iowa	57.3%	60.8%	59.1%	65.3%	75.3%	76.5%	19.2%
Kansas	74.0%	74.6%	80.8%	93.2%	83.0%	74.4%	0.4%
Kentucky	75.5%	80.4%	84.7%	84.4%	87.7%	90.4%	14.9%
Louisiana	30.3%	45.1%	43.9%	47.3%	49.4%	49.8%	19.5%
Maine	70.1%	69.6%	67.1%	67.0%	65.8%	70.7%	0.6%
Maryland	73.3%	67.6%	76.5%	82.1%	79.1%	78.5%	5.2%
Massachusetts	47.2%	41.5%	38.6%	36.4%	37.0%	40.4%	-6.8%
Michigan	56.5%	60.4%	62.0%	64.2%	70.6%	71.4%	14.9%
Minnesota	75.7%	99.1%	100.0%	98.1%	98.5%	96.0%	20.3%
Mississippi	64.2%	74.5%	65.4%	70.6%	78.1%	79.4%	15.2%
Missouri	41.3%	46.1%	52.4%	65.0%	72.6%	80.3%	39.0%
Montana	78.0%	77.9%	80.9%	80.4%	78.7%	76.7%	-1.3%
Nebraska	71.6%	74.0%	70.7%	70.7%	71.9%	79.5%	7.9%
Nevada	69.4%	65.5%	61.9%	66.8%	70.4%	69.2%	-0.2%
New Hampshire	75.6%	79.3%	79.6%	83.4%	85.2%	87.1%	11.5%
New Jersey	82.9%	79.3%	78.7%	76.3%	78.8%	76.8%	-6.1%
New Mexico	91.0%	83.5%	83.7%	81.2%	79.7%	77.0%	-14.0%
New York	75.0%	84.3%	83.3%	81.3%	87.5%	76.8%	1.8%
North Carolina	70.3%	73.2%	76.9%	81.9%	83.8%	84.0%	13.7%
North Dakota	75.6%	79.3%	78.0%	82.0%	83.2%	80.8%	5.2%
Ohio	70.8%	67.6%	68.6%	67.5%	69.6%	80.7%	9.9%
Oklahoma	74.5%	78.4%	81.8%	84.7%	90.2%	88.4%	13.9%
Oregon	65.4%	59.3%	58.3%	59.9%	60.2%	61.3%	-4.1%
Pennsylvania	51.1%	51.5%	53.0%	53.8%	59.3%	64.2%	13.1%
Rhode Island	52.3%	50.7%	57.5%	64.6%	81.7%	92.6%	40.3%
South Carolina	66.7%	66.5%	67.2%	72.2%	76.6%	78.1%	11.4%
South Dakota	63.9%	59.3%	53.8%	55.1%	58.7%	60.3%	-3.6%
Tennessee	62.8%	58.3%	54.4%	63.6%	70.4%	72.0%	9.2%
Texas	37.3%	39.2%	48.3%	52.5%	54.2%	58.3%	21.0%
Utah	74.6%	77.2%	72.5%	73.9%	71.4%	69.6%	-5.0%
Vermont	85.2%	92.7%	89.3%	89.4%	85.2%	84.1%	-1.1%
Virginia	43.3%	47.6%	48.4%	80.9%	80.6%	95.1%	51.8%
Washington	98.5%	83.0%	83.6%	85.2%	83.3%	80.2%	-18.3%
West Virginia	75.4%	75.0%	84.3%	83.8%	87.4%	87.5%	12.1%
Wisconsin	25.8%	33.0%	44.1%	46.7%	52.3%	54.1%	28.3%
Wyoming	99.1%	99.3%	99.8%	99.6%	99.8%	96.7%	-2.4%
Puerto Rico	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
TOTAL	65.5%	67.9%	69.8%	72.2%	74.4%	75.3%	9.8%

Obligations: Issues

Obligation rates can be used to track the status of TE spending. They do not necessarily provide a clear picture of an individual state's TE Program. It is not NTEC's intention to rate or grade state programs. There are states that have demonstrated a clear commitment to TE projects and yet have lower obligation rates. Additionally, there are many TE-eligible projects being funded from sources other than TE. While trends can be outlined at the national level, obligation rates are best explained in terms of state-specific policies and procedures for implementing TE projects. In the past, NTEC solicited feedback from all state TE managers in order to better understand the reasons why state obligation rates vary considerably. Insightful information on some of the problems states face in obligating TE funds reveals some of the factors that contribute to low obligation rates. Frequently mentioned were:

- ⌘ **Inexperienced sponsors.** Problems in the project development process that have led to significant project delay are often the result of inexperienced project sponsors that lack the preparation and support to implement projects in a timely manner. Delays have resulted from inaccurate cost estimates, the inability to raise matching funds, an unfamiliarity with environmental and historic preservation review requirements, and the use of inappropriate design standards. Some states have effectively dealt with this problem by providing more support to project sponsors during the application process as well as during implementation by developing training programs, increasing staff resources, and hiring consultants.
- ⌘ **Level of design detail and environmental review.** Some DOTs reportedly 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 streamlined approach. Such strict requirements slow down the implementation of projects, thus creating a lag between the programming and obligation stages.
- ⌘ **Right-of-way acquisition.** Some states have faced costly legal actions due to right-of-way issues and have subsequently adopted stringent requirements. To combat this problem, some states require applicants to obtain a written right-of-way agreement prior to project selection.
- ⌘ **Accounting practices.** State procedures for obligating projects and varying accounting practices impact the obligation rate. Some states obligate project funds in stages as they are ready to proceed. Some states pay for only the construction phase of TE projects and release full obligation authority once construction is ready to occur. States with lower obligation rates often use one of these methods. States that release full project obligation for all stages earlier in the process tend to have higher obligation rates.
- ⌘ **Obligation limitation.** FHWA sets the annual obligation limitation for the overall amount of federal-aid highway funds apportioned to each state based on the annual appropriations act. State DOTs have the authority to set priorities and choose which programs absorb the obligation limitation. Some state DOTs evenly distribute the limitation across all programs, while other DOTs place lower limitations on some programs at the expense of others considered to be of lower priority. A few state TE managers have reported that in their state TE is considered lower priority.

Figure 2: TE Funds Obligated Each Fiscal Year FY 1992 through FY 2004

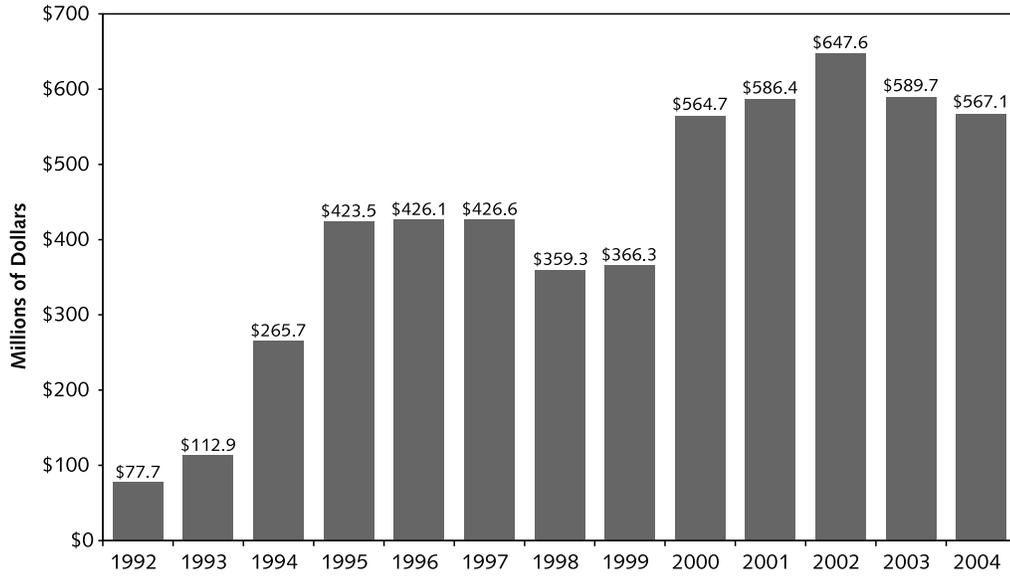
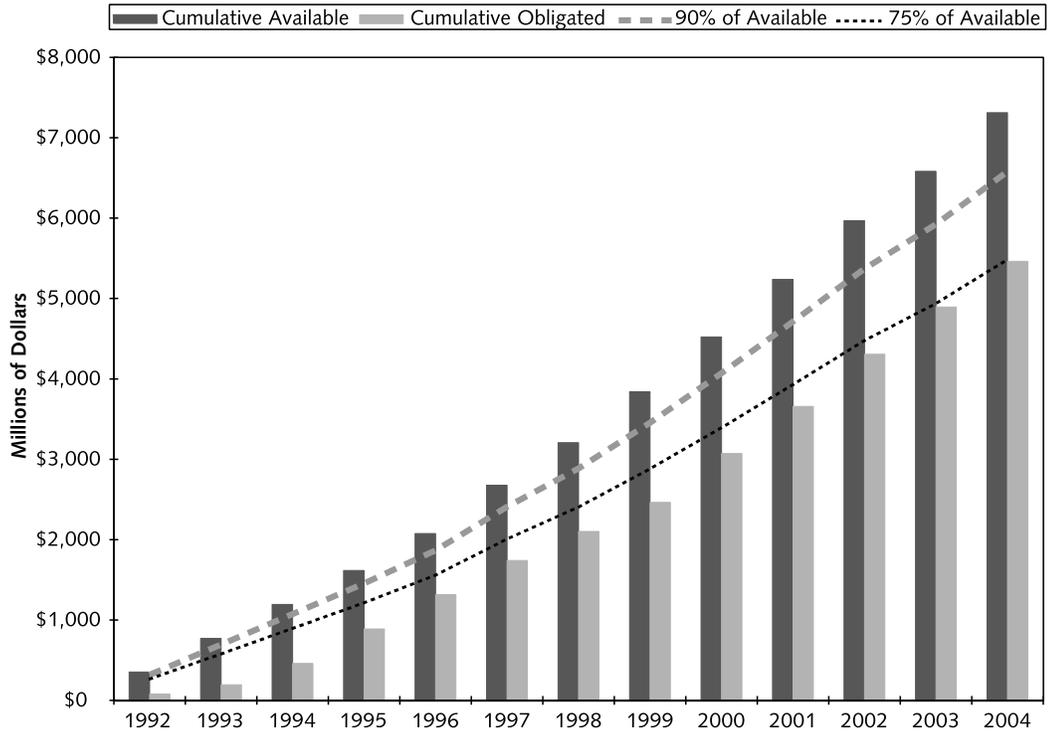


Figure 3: TE Obligation Trends FY 1992 through FY 2004



There is no simple explanation for low obligation rates, just as there is no single way of moving a project through the implementation process that will work in every state or for every project. The national obligation rate is the result of the many factors involved in using federal-aid highway funds managed by state DOTs and implemented by localities. Low obligations are an indication that there can be significant delays to moving projects forward and getting the funds into the communities that request them.

Reimbursements

The final stage of TE project funding is reimbursement for work completed. **Table 1**, on page 9, shows that the cumulative national reimbursement rate (as a percentage of apportioned funds) at the end of FY 2004 was 57.4 percent, an increase of 2.4 percentage points over the reimbursement rate at the end of FY 2003. Reimbursement rates range among states from a low of 21.3 percent in Massachusetts to a high of 89.1 percent in Wyoming.

The reimbursement rate will always be lower than the obligation rate, since work cannot be reimbursed if it has not occurred. It is likely that the reimbursement rate will continue to increase in future fiscal years as authorized work on TE projects is completed. Nonetheless, reimbursements represent completed work, and at 57.4 percent after 13 years, the reimbursement rate indicates how slowly TE projects move from selection to completion.

Transfers

The Uniform Transferability Provision (23 U.S.C. 126) of Federal highway statutes limits the amounts of funds that can be transferred from TE to other federal-aid highway programs in a given year. States can transfer up to 25 percent of the portion of the annual TE funding that is above the state's FY 1997 TE apportionment level. States are also permitted to transfer TE funds to the Federal Transit Administration (FTA) under the requirements of Chapter 53 of title 49 U.S.C. There is no limit on the amount that can be transferred to FTA; however, the transferred funds must be used for TE-eligible activities.

In FY 2004, six states transferred a total of \$13.9 million out of TE and into other programs as allowed by TEA-21. This is a slight increase from the \$13.1 million transferred in FY 2003. Of the \$13.9 million total, \$8.2 million was transferred to FTA for TE-eligible activities. **Table 3**, on page 16, provides a comparison of transfers from TE since FY 1999. As shown in the table, California transferred the largest sum to the FTA in FY 2004. The majority of all funds transferred since FY 1999, \$37.3 million, have gone to the FTA.

The amount of money transferred is small in comparison to the total funds available for TE projects during FY 2004. The amount transferred to date, \$58.7 million, accounts for only 0.81 percent of cumulative available funds. Transfers are thus a very small percentage of available funds and do not significantly detract from the funding of TE activities.

Table 3: Transfers of TE Funds (to Federal Transit Administration, National Highway Program, and Recreational Trails Program)

STATE	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY1999-2004
California	\$847,000 (FTA)	\$1,966,265 (FTA)			\$7,883,000 (FTA)	\$4,561,000 (FTA)	\$17,934,265
Colorado				\$257,292 (FTA)	\$325,000 (FTA)	\$28,000 (FTA)	\$610,292
Florida				\$168,000 (FTA)			\$168,000
Illinois		\$88,000 (FTA)					\$88,000
Iowa		\$72,000 (FTA)	\$16,800 (FTA)				\$88,800
Michigan		\$155,000 (FTA)	\$28,000 (FTA)	\$185,840 (FTA)			\$368,840
Missouri	\$1,062,624 (NHS)	\$2,699,243 (NHS)	\$1,136,805 (FTA)	\$294,790 (FTA)	\$1,562,800 (FTA)		\$10,225,428
			\$1,341,721 (NHS)	\$1,340,060 (NHS)	\$787,385 (NHS)		
Montana			\$45,513 (FTA)				\$45,513
New Jersey		\$2,000,000 (FTA)		\$1,000,000 (FTA)	\$1,000,000 (FTA)		\$4,000,000
New York					\$980,000 (FTA)		\$980,000
Ohio			\$183,750 (FTA)	\$196,000 (FTA)		\$184,800 (FTA)	\$564,550
Pennsylvania						\$640,150 (FTA)	\$640,150
Rhode Island			\$64,000 (FTA)		\$88,800 (FTA)		\$152,800
Tennessee	\$448,112 (RTP)		\$661,701 (RTP)	\$790,617 (RTP)	\$225,547 (RTP)		\$2,125,977
Texas				\$2,752,320 (FTA)		\$1,804,741 (FTA)	\$10,254,325
						\$5,697,264 (NHS)	
Vermont					\$310,684 (FTA)		\$310,684
Virginia			\$17,914 (FTA)	\$6,350,686 (NHS)			\$6,368,600
Washington			\$2,615,000 (FTA)	\$1,232,333 (FTA)			\$3,847,333
SUBTOTALS							
to FTA	\$1,162,000	\$8,074,047	\$8,074,047	\$7,763,575	\$12,150,284	\$8,218,691	\$37,368,597
to NHS	\$1,062,624	\$2,699,243	\$1,341,721	\$7,690,746	\$787,385	\$5,697,264	\$19,278,983
to Rec Trails		\$448,112	\$661,701	\$790,617	\$225,547		\$2,125,977
TO TAL	\$1,062,624	\$4,309,355	\$10,077,469	\$16,244,938	\$13,163,216	\$13,915,955	\$58,773,557

DISTRIBUTION ACROSS THE 12 TRANSPORTATION ENHANCEMENT ACTIVITIES

One of the most important uses of NTEC’s national TE project list is interpreting how TE funds are being spent across the 12 eligible activities. The funding levels represented in this database are *programming* numbers, not obligations. In order to more fully understand the programming data results, it is important to note that programming numbers are obtained through a voluntary survey of state DOTs.

Data Results by Transportation Enhancement Activity

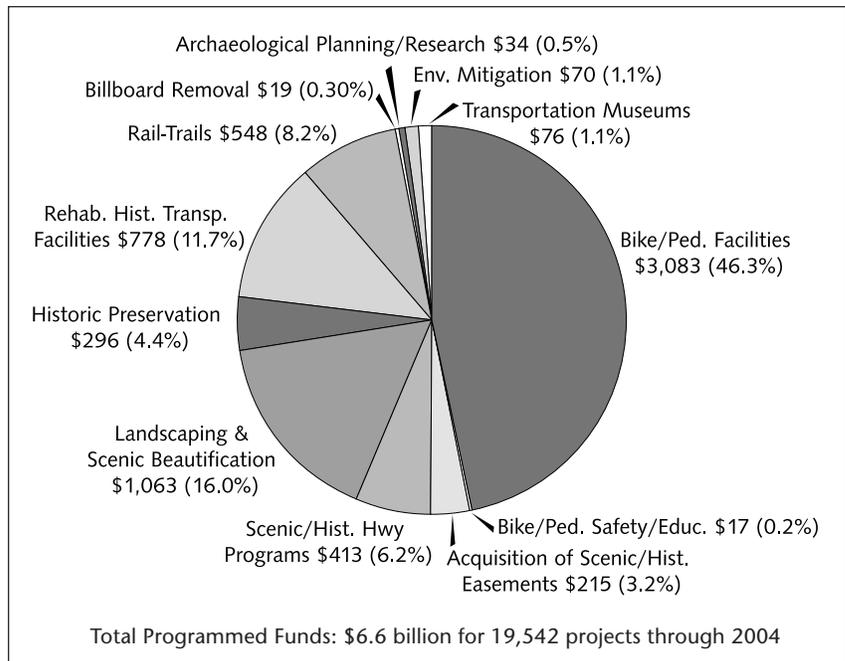
Figure 4 illustrates the distribution of funds across all 12 activities for FY 2004. Overall, the percentages have shifted only slightly from previous years. Bicycle and pedestrian facilities (Activity 1) received almost half of all programmed funds at 46.3 percent.

Activity 5 and activities 6 and 7 (grouped together) account for the second largest percentages of funding. Activity 5, landscaping and scenic beautification, accounts for 16 percent of TE funds. The majority of projects in the landscaping and scenic beautification category involve landscaping along highways and at interchanges, including native wildflower planting. Streetscape projects are also popular in this category, and their numbers have been increasing. The average Activity 5 project funding award is \$284,500, lower than for the average project (\$340,600) as discussed later in this report. Landscaping and scenic beautification projects generally require less preliminary engineering, right-of-way acquisition, and permitting than other types of TE projects and generally can be completed more quickly.

Activities 6 and 7, historic preservation and rehabilitation of historic transportation facilities together account for 16.1 percent of funding. This percentage has decreased since FY 2000. Historic preservation and rehabilitation projects are generally more complex, require more engineering and design, and take longer to complete than landscaping projects which could account for their declining share of TE funds.

Railroad depot renovations account for the majority of funds in these two categories. Historic bridge rehabilitations also account for a large share of these funds. The average project size in these categories is \$411,200, higher than the average TE project.

Figure 4: Distribution of Federal Funds across 12 TE Activities



The 12 Types of Transportation Enhancement Activities

- 1 Pedestrians and bicycle facilities:** New or reconstructed sidewalks, walkways, curb ramps, bike striping, paved shoulders, bike parking, bus racks, off-road trails, bike and pedestrian bridges and underpasses.
- 2 Pedestrians and bicycle safety and education activities:** Programs designed to encourage walking and bicycling by providing potential users with education and safety instruction through classes, pamphlets, and signs.
- 3 Acquisition of scenic easements and scenic or historic sites:** Acquisition of scenic land easements, vistas and landscapes; purchase of buildings in historic districts or historic properties; preservation of farmland.
- 4 Scenic or historic highway programs including tourist and welcome center facilities:** Construction of turnouts, overlooks, visitor centers, and viewing areas, designation signs, and markers.
- 5 Landscaping and other scenic beautification:** Landscaping, street furniture, lighting, public art, and gateways along highways, streets, historic highways, trails, and waterfronts.
- 6 Historic preservation:** Preservation of buildings and facades in historic districts; restoration and reuse of historic buildings for transportation-related purposes; access improvements to historic sites and buildings.
- 7 Rehabilitation and operation of historic transportation buildings, structures, or facilities:** Restoration of railroad depots, bus stations, and lighthouses; rehabilitation of rail trestles, tunnels and bridges.
- 8 Conversion of abandoned railway corridors to trails:** Acquiring railroad rights-of-way; planning, designing and constructing multi-use trails; developing rail-with-trail projects; purchasing unused railroad property for reuse.
- 9 Control and removal of outdoor advertising:** Billboard inventories or removal of illegal and nonconforming billboards.
- 10 Archaeological planning and research:** Research, preservation planning and interpretation; developing interpretive signs, exhibits, guides, inventories, and surveys.
- 11 Environmental mitigation of runoff pollution and provision of wildlife connectivity:** Runoff pollution studies, soil erosion controls, detention and sediment basins, river clean-ups, and wildlife underpasses.
- 12 Establishment of transportation museums:** Construction of transportation museums, including the conversion of railroad stations or historic properties to museums with transportation themes and exhibits or the purchase of transportation-related artifacts.

The examples in this list are not comprehensive. Although the federal government provides guidance and ensures compliance, states are responsible for selecting projects.

The average rail-trail project received \$458,700 in TE funds. This figure is larger than funding for the average TE project. Rail-trail projects are often considered more complex and take longer to realize than other types of TE projects which may contribute to their declining numbers.

Bicycle and Pedestrian Project Subtypes

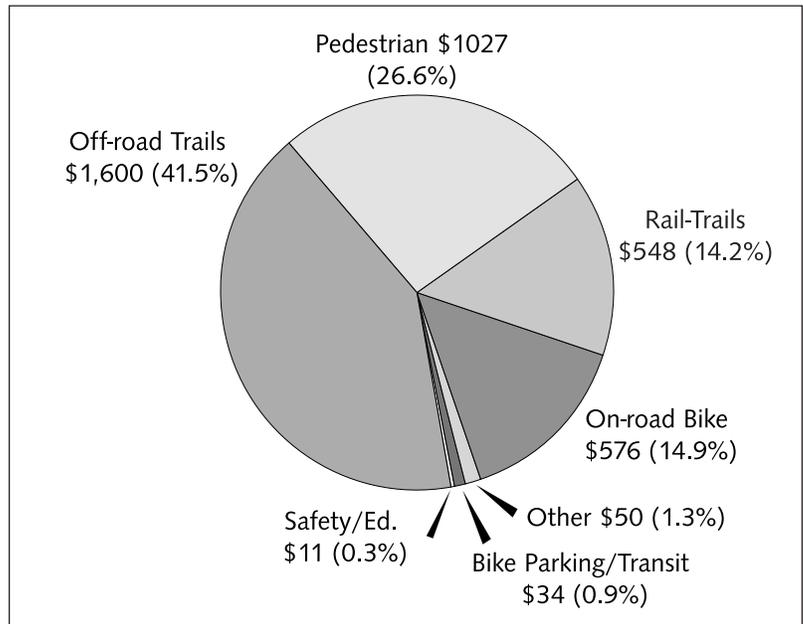
Historically, bicycle and pedestrian facilities have had the largest percentage shares of programmed TE funds. NTEC tracks the distribution of funds within these activities as “subtypes” of the activities. State DOTs provide information on the subtype for each bicycle and pedestrian project in the project listing. **Figure 5** presents the distribution of federal programmed funds to TE project categories with a strong bicycle and pedestrian component (primarily, but not limited to, TE Activities 1, 2, 5, and 8). As shown below, off-road trails comprise the majority of projects in these categories. Pedestrian facilities account for the second largest share of programmed TE funds associated with bicycle and pedestrian facilities. On-road bicycle facilities and rail-trails comprise the next largest shares, respectively.

Future Programming

Sixteen states programmed 1,142 projects for future years (beyond 2004). Bicycle and pedestrian facilities account for 60.5 percent of future programmed funds, and landscaping projects will receive 23.2 percent. The shares of rehabilitation of transportation facilities and scenic acquisition are slightly higher in future programming, while the share of historic preservation is slightly lower.

While these future programming figures show a shift across TE activities, they should not be interpreted as a prediction of where TE funds will be programmed by all states in future fiscal years since not all states programmed projects for future years. These numbers only provide an interesting glimpse into any future funds that have been committed.

Figure 5: Distribution of Federal Funds across Bike and Pedestrian Subtypes



PROGRAMMED FEDERAL AWARDS AND MATCH RATES

The national project list provides funding information on a project-by-project basis. This data allows NTEC to analyze the average project award in each state. **Table 4** illustrates that in FY 2004 the average federal project award was \$340,600 nationwide. Average awards by state varied from \$101,742 in Montana to \$1,356,409 in Hawaii.

The Federal-aid Highway Program requires that federal-aid highway funds be matched with funds from other sources. These funds are commonly referred to as the non-federal share of project costs even though the match can come from another federal agency. In general, projects receive a maximum 80 percent federal share and minimum 20 percent non-federal share. However, states with large federal land holdings receive more than an 80 percent federal share on a sliding scale. Provisions of TEA-21 allow the ratios to vary on a project-by-project basis provided that for a given fiscal year, the program as a whole reflects the state's non-federal share.

Each state DOT establishes its own guidelines and requirements for providing the non-federal share of project costs. States require local sponsors to provide a share of project costs. The amount required varies by state.

- ⌘ Arizona, for example, with its large federal land holdings and higher federal share, passes along the "savings" in non-federal share by requiring only a six percent match of total project costs by project sponsors.
- ⌘ Maryland, on the other hand, requires a 50 percent match by project sponsors in order to spread the available federal funds across more projects.
- ⌘ Some states (e.g. Florida, New Jersey, and Pennsylvania) use toll credits to supplement sponsor contributions and meet non-federal share requirements.

All states are allowed by law to count the value of donations (e.g. cash, land, materials, or services) towards the non-federal share. Some states recognize these in-kind donations as part of the non-federal share, others do not. An overview of state-specific policies can be found on the NTEC Web site.

States report non-federal share information to NTEC in different ways. Some states report the entire non-federal share of projects costs, while others (e.g. Florida) report only the portion of the non-federal share that the sponsor actually pays, and not the portion supplied by toll credits. Some states report the value of in-kind donations, others do not. **Table 4** provides information on matching fund levels reported by each state.

In FY 2004, the average national match rate was 28.4 percent, surpassing the requirements in Federal law. **Table 4** shows that 34 states had a match rate higher than 20 percent, and 12 of these states had a rate higher than the national average of 28.4 percent. Overall, this higher national match rate is attributable to state policies that encourage or require a higher non-federal share, project sponsors voluntarily providing more funds than required, or the state choosing not to use federally-approved procedures for reducing or eliminating the required non-federal share.

Table 4: Programmed Federal Awards and Matching Funds
FY 1992 through FY 2004

State	Project Count	Federal Awards	Avg. Federal Award	Matching Funds	Match Rate*
Alabama	643	\$140,540,956	\$218,571	\$34,923,153	19.9%
Alaska	247	\$108,799,671	\$440,484	\$13,411,208	11.0%
Arizona	340	\$128,152,682	\$376,920	\$32,250,590	20.1%
Arkansas	427	\$90,958,815	\$213,018	\$28,181,174	23.7%
California	997	\$663,866,428	\$665,864	\$359,577,000	35.1%
Colorado	388	\$68,831,682	\$177,401	\$22,219,979	24.4%
Connecticut	156	\$96,296,217	\$617,283	\$23,971,516	19.9%
Delaware	165	\$52,348,842	\$317,266	\$23,084,075	30.6%
District of Columbia	57	\$31,933,713	\$560,241	\$5,996,598	15.8%
Florida	982	\$361,391,952	\$368,016	\$21,875,361	5.7%
Georgia	588	\$270,842,396	\$460,616	\$66,581,334	19.7%
Hawaii	37	\$50,187,135	\$1,356,409	\$18,306,971	26.7%
Idaho	115	\$36,713,500	\$319,248	\$9,121,000	19.9%
Illinois	364	\$252,548,713	\$693,815	\$65,836,918	20.7%
Indiana	428	\$223,304,359	\$521,739	\$84,326,849	27.4%
Iowa	458	\$82,881,190	\$180,963	\$84,442,127	50.5%
Kansas	189	\$82,713,547	\$437,638	\$30,056,432	26.7%
Kentucky	568	\$123,330,147	\$217,131	\$44,461,334	26.5%
Louisiana	340	\$96,900,283	\$285,001	\$20,125,802	17.2%
Maine	184	\$34,795,369	\$189,105	\$10,707,658	23.5%
Maryland	195	\$116,854,855	\$599,256	\$179,673,289	60.6%
Massachusetts	233	\$63,822,313	\$273,916	\$15,951,383	20.0%
Michigan	1075	\$210,652,794	\$195,956	\$94,182,216	30.9%
Minnesota	353	\$107,142,997	\$303,521	\$42,174,417	28.2%
Mississippi	143	\$74,873,876	\$523,594	\$25,700,374	25.6%
Missouri	544	\$138,099,655	\$253,860	\$64,325,469	31.8%
Montana	503	\$51,176,160	\$101,742	\$23,172,031	31.2%
Nebraska	538	\$58,430,256	\$108,606	\$18,688,575	24.2%
Nevada	111	\$56,352,936	\$507,684	\$14,038,969	19.9%
New Hampshire	120	\$30,263,252	\$252,194	\$7,615,306	20.1%
New Jersey	352	\$138,355,694	\$393,056	\$82,225,380	37.3%
New Mexico	261	\$74,017,800	\$283,593	\$24,681,100	25.0%
New York	425	\$251,703,864	\$592,244	\$123,671,509	32.9%
North Carolina	744	\$193,444,852	\$260,007	\$53,962,251	21.8%
North Dakota	159	\$37,762,753	\$237,502	\$11,941,873	24.0%
Ohio	412	\$167,021,328	\$405,392	\$43,573,642	20.7%
Oklahoma	268	\$107,087,775	\$399,581	\$23,866,699	18.2%
Oregon	152	\$66,422,328	\$436,989	\$23,166,944	25.9%
Pennsylvania	682	\$290,954,860	\$426,620	\$74,205,700	20.3%
Rhode Island	141	\$31,899,626	\$226,238	\$5,724,583	15.2%
South Carolina	419	\$57,176,269	\$136,459	\$28,530,691	33.3%
South Dakota	165	\$31,451,098	\$190,613	\$12,988,731	29.2%
Tennessee	421	\$154,917,679	\$367,975	\$36,523,826	19.1%
Texas	537	\$552,806,096	\$1,029,434	\$129,426,121	19.0%
Utah	92	\$33,712,596	\$366,441	\$11,736,173	25.8%
Vermont	231	\$40,634,164	\$175,905	\$11,728,142	22.4%
Virginia	943	\$174,710,985	\$185,271	\$340,179,858	66.1%
Washington	525	\$115,184,825	\$219,400	\$59,855,973	34.2%
West Virginia	325	\$57,019,425	\$175,444	\$14,254,865	20.0%
Wisconsin	533	\$134,045,367	\$251,492	\$37,818,525	22.0%
Wyoming	267	\$40,953,882	\$153,385	\$7,877,558	16.1%
TOTAL	19542	\$6,656,289,957	\$340,615	\$2,642,919,252	28.4%

*Most match figures above do not account for the value of toll credits or "soft match".

Conclusions

Transportation Enhancement funds are in high demand. The number of requests for projects exceeds available funding and sponsors are providing a larger than required non-federal shares of project costs. Despite the uncertainties of the upcoming reauthorization of the federal surface transportation program, states selected projects for FY 2004 and even selected projects for future fiscal years.

The 12 TE activities were funded at similar percentages as in past years with some minor adjustments. Activity 1, bicycle and pedestrian related facilities, continues to be the highest funded activity type. The number of historic preservation rehabilitation projects and rail-trails declined slightly while the number of landscaping and scenic beautification projects increased.

For the first time since the inception of the program, the cumulative national obligation rate meets and slightly surpasses FHWA's stated goal of 75 percent. This is a success, but it is important to remember that TE obligations still remain lower than other federal-aid highway programs. Data once again indicates there is a lag between selection and implementation of TE projects as indicated by lower than optimal obligation and reimbursement rates. Cumulative obligation rates help indicate how effectively projects move from vision to reality.

The delay between project selection and obligation yields lower obligation figures. Delays may be caused by: lengthy review processes; unprepared and inexperienced project sponsors; and state priorities and procedures for obligating TE projects. Of these, state priorities may be the most important as indicated by the higher obligation rates in nearly every other federal-aid highway spending category. States have the flexibility to prioritize and distribute obligation limitation among the various programs. This discretion has an impact on the overall spending of TE funds.

Nationwide, there has been an overall trend of increasing obligation rates over the life of the program. This in part reflects the time needed to obligate funds. Many state DOTs have also worked hard to reexamine their administration of TE funds and projects to remove obstacles and streamline project implementation. Unobligated funds, however, mean unrealized TE projects, which are projects that bring social and economic benefits to communities. More work can be done to make the timely delivery of TE projects a greater priority and bring the obligation rate to the level of other federal-aid highway programs.

Appendix A: Federal-Aid Financing Terminology

Apportionments are the funds distributed among the states as prescribed by statutory formula. Transportation Enhancements funds represent a minimum 10 percent set aside of each state's Surface Transportation Program (STP) funds, plus 10 percent of the portion of Minimum Guarantee funds and Revenue Aligned Budget Authority distributed to the STP.

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. 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.

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 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 FY 1992 through FY 2004. 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 transportation programs. The Uniform Transferability Provision (23 U.S.C. 126) of TEA-21 limits the amounts of funds that can be transferred from TE to other federal-aid highway programs in a given year. States can transfer up to 25 percent of the portion of the annual TE funding that is above the state's FY 1997 TE apportionment level. States are also permitted to transfer TE funds to the Federal Transit Administration (FTA) under the requirements of Chapter 53 of title 49, U.S.C. There is no limit on the amount that can be transferred to FTA; however, the transferred funds must be used for TE-eligible activities. Transfers are tracked by FMIS.

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. NTEC 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 on TE projects through this special account, and Minnesota transferred and spent \$25,309,910 on TE projects through this special account.

Appendix B: State Program Short Descriptions

The following section includes short descriptions from states who voluntarily provided more information regarding their Transportation Enhancements program. These descriptions are intended to give more context to the numbers presented in this report for an individual state. This section was open for submissions from all states. Details on state TE program profiles are available on NTEC's Web site: www.enhancements.org.

ARIZONA

Since 1992, the Arizona Department of Transportation (ADOT) has been administering the Transportation Enhancements (TE) Program. Each year, after removing \$1 million from their 10 percent STP allotment for state highway projects already in development ADOT, divides the balance in half and creates a fund for local TE projects and a fund for state TE projects.

Virtually anyone can apply for Transportation Enhancement funding through ADOT. However, to receive consideration and be awarded funding, the project must be sponsored by a government or local government agency like a town, city, county, state, tribe, or federal land management agency. Project conceptions must first be submitted to their local Metropolitan Planning Organization (MPO) or council of government (COG) representative. The MPO/COG will evaluate the concept and provide advice to assist the applicant in the process. The MPO/COGs submit project applications to ADOT once a year.

Upon receipt of the state and local project applications, ADOT staff sorts the applications for distribution to the Transportation Enhancement Review Committee (TERC), conducts field reviews of the projects, and prepares for the annual TERC meeting. Project applications are reviewed by the TERC prior to the annual meeting and then presented by the MPO/COGs. Both local and state projects are then ranked, funding as many of those projects as possible based on available dollars.

The TERC makes its recommendations to the State Transportation Board who give the final approval for funding. Following approval, a workshop is held to explain the federal aid development process to all project sponsors. An ADOT project number is assigned to each approved TE project and development begins. Typical project development time is 3 years.

ILLINOIS

The goal of the Illinois Transportation Enhancement Program (ITEP) is to allocate resources to well-planned projects that 1) provide and support alternate modes of transportation, 2) enhance the transportation system through preservation of visual and cultural resources, and 3) improve the quality of life for members of the communities. The ITEP proved to be a highly competitive program; during ISTEA we received approximately four times the amount in application dollars than we had available for the program. We funded 247 projects for a program total of \$139 million; project applications were solicited in three separate rounds during the six year life of the bill.

During TEA-21, project applications were solicited in two separate rounds. For this period we received approximately four times the amount in application dollars than we had available; we funded 137 projects for a program total of \$151 million. Also during TEA-21, half of the selected projects funded were for bike/pedestrian facilities and related categories. Subsequently, about half of the funds available went towards these categories.

Historic rehabilitation and preservation was the next most popular category with approximately \$50.5 million going towards 25 selected projects. Landscaping and streetscape projects were funded at about \$16 million. Scenic/Historic Highways and Transportation Museums had 16 projects funded at approximately \$5.7 million. All project applications were reviewed by an interagency committee and project selection was based on a number of factors including: project merit, funding availability, and geographic distribution. All funds have been allocated to existing projects and we will solicit for new project applications after the new transportation bill is signed into law. Public outreach and coordination will be conducted prior to solicitation of projects under the new transportation bill.

LOUISIANA

Louisiana started programming projects in 1991; however, construction progressed at a slow pace. In 2001, a new program manager was assigned and the process was reviewed and revamped. It has taken some time, but Louisiana shows progress in moving projects to construction.

The total available federal funds for LADOTD are divided among the different federal programs each year according to the Department's priorities. The TEP has been allocated approximately \$8 million per fiscal year. Though more funds are obligated than can be spent, we also realize that some projects drop out for various problems over time. We are not allowed to gain that money back as we are set for each year.

Each year new projects are added to the program based on the application process in place. Projects are prepared by the project sponsor's consultants in accordance with the Louisiana Department of Transportation and Development (LADOTD) guidelines. These consultants are paid for by the sponsor and are not under contract to LADOTD. Projects are scheduled for letting on a first come, first serve basis. Once the plans, cost estimate, and technical specifications are ready, LADOTD prepares the final bid documents, advertises and bids the project on behalf of the sponsor. Sponsors enter into contract with the lowest acceptable bidder and are responsible for the construction inspection for the project. LADOTD provides a construction coordinator to shepherd the project's paperwork during construction.

MICHIGAN

Applications move through a series of reviews with decision points at each stage, as follows: concept approval, technical approval, program approval, conditional funding commitment, and award. Concept approval means the proposed project meets eligibility requirements, is fundable, and is approved to enter the application pool. To decide technical approval, MDOT uses professional staff with professional expertise in each of the TE activity areas to review and develop a technical score for each application by applying evaluation criteria specific to each activity area. Program approval results from TE program staff consideration of factors like funding priorities, initiatives, impacts, funding timing and availability, geographic and category balance, and coordination with related projects. Conditional funding commitments are issued to applicants whose projects clear the concept, technical, and program reviews. Conditions include certification of right of way, commitment of match, and completion of design plans. When the conditions are met, funding is awarded with the expectation that the project will be constructed in the next available construction season. MDOT's Director has final approval of the projects recommended by staff for funding.

In 2004–2005, the Michigan Department of Transportation (MDOT) instituted a new process for selecting projects. The new process is designed to award TE funds much closer to actual project implementation in order to ensure more timely expenditure of TE funds. In addition, applications are accepted and approved on a continuous basis throughout the year.

MISSISSIPPI

Mississippi's Transportation Enhancement (TE) Program operates at the discretion of the Mississippi Transportation Commission (MTC). The MTC consists of three elected members, one from each of the three Supreme Court districts of the state. At the reauthorization of each new transportation bill, the MTC determines the percentage of funds to set aside for TE projects within the Mississippi Department of Transportation (MDOT) and the percentage of funds to make available through a competitive application process. For TEA-21, approximately 70 percent of TE funds were made available to local city and county governments, state agencies, and rail-to-trails districts. A 20 percent local match is required on all TE projects. The project selection cycle is limited to only one cycle for the entire life of a transportation bill. The next call for project applications will be shortly after reauthorization of TEA-21.

There are a couple of exceptions to the award of funding for new projects between project selection cycles. At the discretion of the MTC, new projects or additional funding for existing projects may be awarded based on the availability of funds.

Another exception for the award of funds for new projects is through our annual Urban Youth Corps (UYC) Program. This program was established during TEA-21, and is a part-time summer work program for youth ages 16–25. The youth employed by the municipality to work on small TE projects. The UYC program is funded by TE funds set aside by the MTC each year. The average amount set aside for this program each year is \$250,000. Through a competitive application process, any Mississippi city with a 2000 Census population of 10,000 or more may receive a maximum of \$25,000 in TE funds for an Urban Youth Corps Project. A committee appointed by the MDOT Executive Director reviews all applications and makes recommendations for funding to the MTC. The MTC then makes the TE awards to the cities.

OHIO

The Ohio Department of Transportation (ODOT) Enhancement Program provides funds to local governments outside of Metropolitan Planning Organizations (MPOs) for projects that enhance the transportation experience by improving the cultural, historic, aesthetic and environmental aspects of transportation infrastructure. ODOT encourages adding enhancements to planned transportation projects rather than stand-alone projects. Jurisdictions within small MPOs (those MPOs with less than 200,000 population) that have elected to join the statewide program are also eligible. Citizen groups or other private organizations may sponsor a project by coordinating with and making application through the local government having jurisdiction over the transportation facility involved. Applicants must commit to a 20 percent cash match for construction, and the match must be currently available and readily accessible.

The application process is two-fold. It begins with a simple Letter of Interest (LOI) form which addresses eligibility issues. If the proposed project is determined to be eligible, the sponsor is supplied with an application packet. Approximate due dates are as follows:

January 1 Release LOI
February 1 LOI due to districts
March 1 Application packet to eligible project sponsors
May 1 Application to districts
August Award announcements and letters to applicants

WISCONSIN

Wisconsin undertakes requests for Transportation Enhancements projects in even numbered calendar years. Two years worth of funds are distributed over the following three fiscal years (FYs). For example, in 2004 we awarded projects that will be scheduled in FYs 2005–2007, with most of the funds scheduled in 2006 and 2007. We try to accommodate design and engineering work in the first year if needed so that projects are ready for construction the following year. In practice, projects often fall behind and any given year may include projects from the past two to three funding cycles.

Bicycle and pedestrian projects tend to dominate the requests with two-thirds to three-fourths of the requests generally falling into categories related to bike/ped projects. Historic and streetscaping/landscaping projects make up most of the rest of the requests, with railway depot restorations and Main Street type projects the most typical. All projects compete statewide. There are no sub-allocations by geographical area or project category. A committee reviews and ranks the projects. Members include persons with expertise and interest in the various major project categories. We do highlight the urbanized area projects by presenting the projects in the priority order assigned by the local Metropolitan Planning Organization (MPO). We emphasize the importance of the MPO's priorities, but members are free to rank projects as they see fit. We generally follow the committee's priority rankings, though WisDOT reserves the right to make some adjustments if there are substantial geographic disparities or to address an urbanized area not receiving the top priority project as determined by the MPO.

Projects are capped at the federal amount requested, usually 80 percent of the initial project estimate. We generally do not give extra credit for overmatch and rarely reduce the amount of the award from that requested.

There is no ceiling on the amount that can be requested, though we generally caution against requests for over \$1 million in federal funds. We fund all project phases (design, real estate and construction). We do warn applicants that real estate acquisition is a major source of delay, particularly if it involves railroads. Most of the projects are Local Let Contracts. We provide a Sponsor's Guide that informs local government sponsors about federal and state project administration requirements.

Appendix C: State DOT TE Manager Contact Information as of May 2005

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

ALASKA

Carol Taylor
907-465-6981
carol_taylor@dot.state.ak.us

FLORIDA

Bob Crim
850-414-5269
Bob.Crim@dot.state.fl.us

LOUISIANA

Val Horton
225-379-1585
vhorton@dotd.state.la.us

ALABAMA

Robert Kratzer
334-353-6405
kratzerr@dot.state.al.us

GEORGIA

Ronda Britt
404-657-6914
ronda.britt@dot.state.ga.us

MASSACHUSETTS

Linda Walsh
617-973-8052
linda.walsh@state.ma.us

ARKANSAS

Ed Hoppe
501-569-2542
Ed.Hoppe@arkansashighway.com

HAWAII

Doug Meller
808-587-1832
douglas.meller@hawaii.gov

MARYLAND

Mary Keller
410-545-5675
mkeller@sha.state.md.us

ARIZONA

Cheryl Banta
602-712-6258
Cbanta@dot.state.az.us

IOWA

Nancy Anania
515-239-1621
Nancy.Anania@dot.iowa.gov

MAINE

Duane Scott
207-624-3300
duane.scott@maine.gov

CALIFORNIA

W. Howard Reynolds
916-654-2477
howard_reynolds@dot.ca.gov

IDAHO

Pat Raino
208-334-8209
Pat.Raino@itd.idaho.gov

MICHIGAN

Michael Eberlein
517-335-3040
eberleinmi@michigan.gov

COLORADO

Karen Sullivan
303-757-9502
Karen.L.Sullivan@dot.state.co.us

ILLINOIS

Kathy McNeill
217-785-8695
mcneillkm@nt.dot.state.il.us

MINNESOTA

Bob Hofstad
651-296-8519
bob.hofstad@dot.state.mn.us

CONNECTICUT

Gerald T. Jennings Sr.
860-594-2051
Gerald.Jennings@po.state.ct.us

INDIANA

Gerald Nieman
317-232-5224
gnieman@indot.state.in.us

MISSOURI

Danica Stovall-Taylor
573-526-4800
danica.stovall-taylor@modot.mo.gov

DISTRICT OF COLUMBIA

Colleen Smith Hawkinson
202-671-2228
colleen.hawkinson@dc.gov

KANSAS

Kaye Jordan-Cain
785-296-0280
kaye@ksdot.org

MISSISSIPPI

Ginger Donovan
601-359-7685
gdonovan@mdot.state.ms.us

DELAWARE

Jeff Niezgoda
302-760-2178
jniezgoda@mail.dot.state.de.us

KENTUCKY

Shane Tucker
502-564-7686 x3340
shane.tucker@ky.gov

MONTANA
Mike Wherley
406-444-4221
mwherley@state.mt.us

OHIO
Randy Lane
614-644-8211
randy.lane@dot.state.oh.us

TEXAS
Mark Mathews
512-416-3095
mmathews@dot.state.tx.us

NORTH CAROLINA
Denese Lavender
919-733-2039
dlavender@dot.state.nc.us

OKLAHOMA
Richard Andrews
405-521-2454
randrews@odot.org

UTAH
Brett Hadley
801-965-4366
bhadley@utah.gov

NORTH DAKOTA
Ben Kubischta
701-328-3555
bkubisch@state.nd.us

OREGON
Pat Rogers Fisher
503-986-3528
patricia.r.fisher@odot.state.or.us

VIRGINIA
Wade Chenault
804-786-2264
h.chenault@virginiaDOT.org

NEBRASKA
Jim Pearson
402-479-4881
jpearson@dor.state.ne.us

PENNSYLVANIA
Dan Accurti
717-783-2258
daccurti@state.pa.us

VERMONT
Curtis Johnson
802-828-0583
curtis.johnson@state.vt.us

NEW HAMPSHIRE
Ram Maddali
603-271-6581
rmaddali@dot.state.nh.us

RHODE ISLAND
Tom Queenan
401-222-4239
Tqueen@dot.state.ri.us

WASHINGTON
Dave Kaiser
360-705-7381
kaiserd@wsdot.wa.gov

NEW JERSEY
David A. Kuhn
609-530-3640
david.kuhn@dot.state.nj.us

SOUTH CAROLINA
Ronda Pratt
803-737-1953
PrattRA@scdot.org

WISCONSIN
John Duffe
608-264-8723
john.duffe@dot.state.wi.us

NEW MEXICO
Greg White
505-827-5248
Greg.White@nmshtd.state.nm.us

SOUTH CAROLINA
Peggy Hendrix
803-737-1953
hendrixps@scdot.org

WEST VIRGINIA
Harold Simmons
304-558-9618
hsimmons@dot.state.wv.us

NEVADA
Leif Anderson
775-888-7121
landerson@dot.state.nv.us

SOUTH DAKOTA
Paula Huizenga
605-773-6253
Paula.Huizenga@state.sd.us

WYOMING
CJ Brown
307-777-4179
cj.brown@dot.state.wy.us

NEW YORK
Bob Viti
518-457-4835
bviti@dot.state.ny.us

TENNESSEE
Neil Hansen
615-741-4850
neil.hansen@state.tn.us

Appendix D: NTEC Resources

National Transportation Enhancements Clearinghouse (NTEC)

The National Transportation Enhancements Clearinghouse (NTEC) is funded by the Federal Highway Administration and exists to increase knowledge of the Transportation Enhancements program. The Clearinghouse provide free services to professionals, policy makers, agencies, and the media.

AVAILABLE RESOURCES AND EXPERTISE:

- * **Web site** with project examples, searchable project database, contact information for professionals in each state, and downloadable documents.
- * **State Transportation Enhancements Program Profiles** outlining project nomination, selection, and funding procedures for each state.
- * **Connections**, a free quarterly newsletter featuring TE news, policies, administration, and projects.
- * **Documents** (including this report), guidesbooks, reports, and manuals related to Transportation Enhancements.

These publications provide examples of successful TE projects as well as information on applying for TE funds and implementing TE projects.

All publications are on the NTEC Web site (www.enhancements.org) or can be obtained by calling **888-388-NTEC (6838)**.



**NATIONAL TRANSPORTATION
ENHANCEMENTS CLEARINGHOUSE**

*A Project of the Federal Highway Administration
and Rails-to-Trails Conservancy*

1100 17th Street, NW ■ 10th Floor
Washington, DC 20036

TOLL FREE: 888-388-NTEC

FAX: 202-466-3742

WEB SITE: www.enhancements.org