
# Transportation Enhancements

## Summary of Nationwide Spending as of FY 2003

MAY 2004

Prepared by the
National Transportation
Enhancements Clearinghouse

# Acknowledgments

This report was prepared and written by the National Transportation Enhancements Clearinghouse under the supervision of Elizabeth Parr, NTEC Manager 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. DTFHG1-02-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.

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# Summary

*Transportation Enhancements: Summary of Nationwide Spending as of FY 2003* 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 2003. These dates span the period of time since TE was established as a dedicated funding source in federal surface transportation legislation with the enactment of the Intermodel Surface Transportation Efficiency Act (ISTEA). Funding of TE continued in the Transportation Equity Act for the 21st Century (TEA-21), ending on September 30, 2003.

NTEC uses benchmark spending figures to assess the status of TE funds 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. 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.

## The Status of Spending Benchmarks

There are five distinct phases, or benchmarks, of spending that NTEC uses to evaluate how states use TE funds: *Available* (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), *Programming* (amount for selected/planned projects), *Obligations* (amount authorized to spend), *Reimbursements* (amount paid to sponsor for completed work), and *Transfers* (from TE to other transportation programs).

**Table 1** on page 4 illustrates the status of the five benchmarks at the national level. Using data obtained from the Federal Highway Administration (FHWA) Fiscal Management Information System (FMIS), $6.58 billion was made available to the states for use on TE activities since 1992. Of that money, state Departments of Transportation (DOTs) programmed at least 93.3 percent of available funds for more than 18,000 projects through FY 2003, according to NTEC's nationwide project listing, updated most recently in the spring of 2004. FMIS also reports that state DOTs collectively and cumulatively obligated 74.4 percent of available funds, an increase over the 72.2 percent obligation rate reported at the end of FY 2002. Reimbursements through FY 2003 were at 55.0 percent, up from 50.6 percentage in FY 2002. Transfers of TE funds, allowed under TEA-21, decreased during FY 2003 with eight states transferring $13.2 million, compared with $16.2 million transferred in FY 2002.

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.

**Table 1: Transportation Enhancements Financial Summary**
Cumulative Available, Programmed, Obligationed, Reimbursed & Transferred
(Current through FY2003)

| | | Percentage of Available |
|---|---|---|
| **Available** in ISTEA and TEA-21:<br>*Source: FHWA.* | **$6.58 Billion** | **100%** |
| **Programmed** in ISTEA and TEA-21:<br>*This figure is derived from 18,127 projects dated 1992-2003 in NTEC's TE project listing.* | **$6.14 Billion** | **93.3%** |
| **Obligated** in ISTEA and TEA-21:<br>*Source: FHWA.* | **$4.90 Billion** | **74.4%** |
| **Reimbursed** in ISTEA and TEA-21:<br>*Source: FHWA.* | **$3.62 Billion** | **55.0%** |
| **Transfers** from TE to other transportation programs:<br>*Source: FHWA.* | **$44.9 Million** | **0.68%** |

## Distribution of Funds Across the TE Activities

NTEC's national project data listing yields information about how TE funds have been programmed across the 12 eligible activities. The 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 percent of the federal programmed TE funds between FY 1992 and FY 2003. Historic preservation and preservation of historic transportation facilities received 17 percent of TE funds. Landscaping and scenic beautification also received 17 percent of TE funds. Together, these five categories account for 88 percent of programmed TE 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.

# Introduction

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 three sections. The **Background** section explains the TE activities and provides a history of this federal-aid highway program, including the initial legislation that authorized TE and the legislation governing the implementation of TE activities through September 30, 2003. The **Data** 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) 2003 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 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 B, 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

# Background: A History of Transportation Enhancements

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 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, Congress reauthorized the 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.

### Transportation Enhancement Activities

There are 12 TE activities eligible for federal-aid highway funding through the states' set-asides. They are as follows.

1. Provision of facilities for pedestrians and bicycles
2. Provision of safety and educational 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 center facilities)
5. Landscaping and other scenic beautification
6. Historic preservation
7. Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals)
8. Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails)
9. Control and removal of outdoor advertising
10. Archaeological planning and research
11. Environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity
12. Establishment of transportation museums

## Transportation Enhancements Projects

The majority of projects that use TE funds are small-scale projects with an average federal share of $339,000. 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. NTEC features many examples of successful TE projects in a number of publications and in a searchable project library, available on NTEC's Web site.

## Administration of Transportation Enhancements 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 located in each state, Puerto Rico, and Washington, D.C. 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). Puerto Rico, under TEA-21, no longer received STP funds for TE activities. 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 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 TE Programs. Every state publishes a document describing its unique program guidelines and policies. For more information about a particular state's TE program, contact the state DOT TE program manager. Contact information is available in Appendix B; current lists are also available on the NTEC Web site.

## The National Transportation Enhancements Clearinghouse

The National Transportation Enhancements Clearinghouse serves as an information resource for anyone interested in TE. NTEC is operated by Rails-to-Trails Conservancy, a national nonprofit organization, in partnership with the FHWA. In addition to technical assistance and referrals, NTEC offers 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 888-388-6832.

# The Data

The information in this report is based on data collected and maintained by the National Transportation Enhancements Clearinghouse. 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 the FHWA.

NTEC staff gather and compile new TE spending data annually. They gathered and compiled data for this report between May 2003 and April 2004. 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). TE funds 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, 43 states and the District of Columbia provided NTEC with programming information.

### State Participation During FY 2003

A breakdown of state participation during the FY 2003 data collection follows.

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

## A Profile of the Transportation Enhancements Project List

The national list of programmed TE projects now contains 18,127 projects selected from FY 1992 to FY 2003. NTEC's database also contains 875 programmed projects for *future* fiscal years, FY 2004 to FY 2007. Altogether, the list contains 19,002 programmed TE projects. For the purposes of this report, NTEC's programming numbers and analysis is based only on the projects selected for funding through FY 2003 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 can be viewed on the NTEC Web site.

In addition to the project list, NTEC maintains a state program policy and procedures database that is updated periodically as changes occur. This information is used to create state program profiles on the NTEC Web site. The profiles contain state TE manager contact information, a description of project selection processes and authorities, advisory committee powers and characteristics, required sponsor match, and other financial policies.

Several states, including Wisconsin, Massachusetts, and Alaska, have funded numerous TE-eligible projects using funding sources other than the TE set aside. While the benefits of these projects on communities is recognized, NTEC does not include these projects in the TE project database or the data figures in this report because this report is intended to provide a perspective on the status and use of the TE funds.

# Major Findings

The National Transportation Enhancements Clearinghouse's national list of TE projects and summary of TE spending provides updated TE information as of September 30, 2003, used to identify trends over the lifetime of the program. This section 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

Transportation Enhancement funds are apportioned to the state DOTs through a minimum 10 percent set aside of each state's STP funds, plus 10 percent of the portion of Minimum Guarantee funds and RABA that are distributed to the STP. FHWA publishes apportionment tables for each fiscal year. NTEC obtains a cumulative amount made available to states for TE from FMIS (FMIS program codes 33B and Q22). This amount available is equivalent to the amount apportioned exclusive of the amount transferred from TE to other allowable transportation programs. In FY 2003 roughly $648 million was apportioned to the states for TE, down from $754 million in FY 2002. This decrease in budget was due to the lack of RABA contributions resulting from reduced trust fund revenues.

From FY 1992 through FY 2003, the cumulative amount made available to all states was $6.58 billion. The distribution among states is shown in **Table 2**. States are typically not authorized to obligate all apportioned funds due to annual Congressionally-mandated limitations on obligations, also known as obligation authority. For a more thorough explanation of this topic, the FHWA publication, "Financing Federal-Aid Highways," is an excellent resource and is available on the NTEC Web site.

### 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 12 fiscal years of TE programming. **Table 2** indicates that the cumulative level of programming for FY 1992 through FY 2003 is $6.14 billion, which represents 93.3 percent of all available funds. Since there are seven 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, it appears that programming is continuing to occur on a regular basis and at a high rate.

NTEC's data also shows that 18 states have selected projects for future fiscal years. The database now has 875 future-programmed projects worth $292 million in federal TE funds. The future programming data suggests that there are more requests for project funding than can be accommodated each year.

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

## Table 2: State TE Program Benchmarks for FY 1992 through FY 2003

| State | Apportioned FY92–03 | Programmed FY92–03 | Programmed Rate | Obligated FY92–03 | Obligated Rate | Obligated Rank | Reimbursed FY92–03 | Reimbursed Rate | Reimbursed Rank |
|---|---|---|---|---|---|---|---|---|---|
| Alabama | $133,990,529 | $123,346,559 | 92.1% | $101,273,614 | 75.6% | 32 | $71,726,567 | 53.5% | 36 |
| Alaska | $108,638,808 | $108,682,926 | 100.0% | $107,871,305 | 99.3% | 4 | $96,758,296 | 89.1% | 3 |
| Arizona | $111,735,577 | $106,275,244 | 95.1% | $67,361,766 | 60.3% | 45 | $53,149,619 | 47.6% | 44 |
| Arkansas | $88,890,809 | $91,326,504 | 102.7% | $82,805,698 | 93.2% | 6 | $59,659,359 | 67.1% | 12 |
| California | $564,898,923 | $698,773,789 | 123.7% | $422,981,582 | 74.9% | 34 | $295,578,170 | 52.3% | 39 |
| Colorado | $93,647,238 | $85,693,681 | 91.5% | $72,994,780 | 77.9% | 29 | $60,023,141 | 64.1% | 16 |
| Connecticut | $101,959,762 | $96,296,217 | 94.4% | $85,602,960 | 84.0% | 15 | $70,382,844 | 69.0% | 8 |
| Delaware | $35,939,799 | $27,296,607 | 76.0% | $27,501,912 | 76.5% | 31 | $24,330,115 | 67.7% | 11 |
| Dist. of Columbia | $29,277,408 | $31,933,713 | 109.1% | $29,277,408 | 100.0% | 1 | $18,679,485 | 63.8% | 17 |
| Florida | $341,549,694 | $322,307,260 | 94.4% | $279,632,846 | 81.9% | 20 | $249,956,433 | 73.2% | 6 |
| Georgia | $236,556,630 | $220,123,436 | 93.1% | $199,457,905 | 84.3% | 13 | $131,919,682 | 55.8% | 31 |
| Hawaii | $58,078,311 | $35,186,841 | 60.6% | $48,834,949 | 84.1% | 14 | $32,415,030 | 55.8% | 30 |
| Idaho | $51,475,093 | $32,047,859 | 62.3% | $34,451,634 | 66.9% | 42 | $27,682,024 | 53.8% | 35 |
| Illinois | $256,599,751 | $256,035,304 | 99.8% | $168,196,867 | 65.5% | 44 | $147,256,126 | 57.4% | 26 |
| Indiana | $172,623,519 | $183,048,703 | 106.0% | $136,232,080 | 78.9% | 25 | $110,970,066 | 64.3% | 15 |
| Iowa | $91,204,206 | $84,951,253 | 93.1% | $68,670,984 | 75.3% | 33 | $50,684,315 | 55.6% | 32 |
| Kansas | $87,902,469 | $64,365,187 | 73.2% | $72,951,788 | 83.0% | 19 | $60,283,637 | 68.6% | 10 |
| Kentucky | $112,943,293 | $106,333,463 | 94.1% | $99,051,799 | 87.7% | 8 | $63,980,870 | 56.6% | 28 |
| Louisiana | $98,946,330 | $90,248,052 | 91.2% | $48,900,215 | 49.4% | 51 | $37,131,177 | 37.5% | 50 |
| Maine | $36,292,594 | $30,267,313 | 83.4% | $23,862,991 | 65.8% | 43 | $19,788,049 | 54.5% | 34 |
| Maryland | $99,517,076 | $103,392,859 | 103.9% | $78,710,722 | 79.1% | 24 | $52,128,827 | 52.4% | 38 |
| Massachusetts | $119,113,664 | $64,235,297 | 53.9% | $44,114,928 | 37.0% | 52 | $24,500,252 | 20.6% | 52 |
| Michigan | $207,944,633 | $192,270,656 | 92.5% | $146,807,373 | 70.6% | 38 | $101,074,371 | 48.6% | 41 |
| Minnesota* | $125,833,144 | $97,440,720 | 77.4% | $124,004,344 | 98.5% | 5 | $103,302,783 | 82.1% | 4 |
| Mississippi | $85,114,709 | $74,596,299 | 87.6% | $66,475,693 | 78.1% | 28 | $48,587,732 | 57.1% | 27 |
| Missouri | $133,557,895 | $135,965,202 | 101.8% | $96,958,776 | 72.6% | 35 | $64,255,124 | 48.1% | 43 |
| Montana | $62,104,496 | $47,953,902 | 77.2% | $48,895,743 | 78.7% | 27 | $38,438,131 | 61.9% | 19 |
| Nebraska | $64,587,184 | $48,927,621 | 75.8% | $46,445,495 | 71.9% | 36 | $31,122,257 | 48.2% | 42 |
| Nevada | $52,048,062 | $48,824,901 | 93.8% | $36,637,351 | 70.4% | 39 | $30,541,542 | 58.7% | 24 |
| New Hampshire | $37,326,244 | $32,585,461 | 87.3% | $31,819,794 | 85.2% | 11 | $23,190,315 | 62.1% | 18 |
| New Jersey | $137,480,108 | $128,066,552 | 93.2% | $108,363,724 | 78.8% | 26 | $77,364,533 | 56.3% | 29 |
| New Mexico | $73,749,088 | $74,017,800 | 100.4% | $58,763,705 | 79.7% | 23 | $49,267,490 | 66.8% | 13 |
| New York | $267,005,629 | $228,538,366 | 85.6% | $233,612,557 | 87.5% | 9 | $122,839,608 | 46.0% | 46 |
| North Carolina | $191,505,512 | $172,643,110 | 90.2% | $160,435,480 | 83.8% | 16 | $113,350,992 | 59.2% | 22 |
| North Dakota | $49,720,309 | $33,573,753 | 67.5% | $41,369,461 | 83.2% | 18 | $37,479,768 | 75.4% | 5 |
| Ohio | $222,912,622 | $151,628,893 | 68.0% | $155,069,435 | 69.6% | 41 | $135,081,397 | 60.6% | 20 |
| Oklahoma | $108,195,133 | $96,827,205 | 89.5% | $97,552,762 | 90.2% | 7 | $63,916,881 | 59.1% | 23 |
| Oregon | $79,408,849 | $55,299,174 | 69.6% | $47,815,375 | 60.2% | 46 | $41,678,999 | 52.5% | 37 |
| Pennsylvania | $184,782,637 | $255,040,000 | 138.0% | $109,533,972 | 59.3% | 47 | $63,772,029 | 34.5% | 51 |
| Puerto Rico | $15,520,839 | $15,507,118 | 99.9% | $15,520,839 | 100.0% | 2 | $13,967,993 | 90.0% | 2 |
| Rhode Island | $33,845,970 | $29,181,226 | 86.2% | $27,668,227 | 81.7% | 21 | $18,725,887 | 55.3% | 33 |
| South Carolina | $114,685,218 | $57,176,269 | 49.9% | $87,823,729 | 76.6% | 30 | $56,253,208 | 49.1% | 40 |
| South Dakota | $51,383,986 | $29,434,140 | 57.3% | $30,177,348 | 58.7% | 48 | $29,556,580 | 57.5% | 25 |
| Tennessee | $139,708,726 | $138,303,831 | 99.0% | $98,314,811 | 70.4% | 40 | $64,630,736 | 46.3% | 45 |
| Texas | $529,514,223 | $475,463,581 | 89.8% | $286,827,452 | 54.2% | 49 | $211,747,295 | 40.0% | 48 |
| Utah | $50,394,140 | $33,712,596 | 66.9% | $35,997,655 | 71.4% | 37 | $32,488,222 | 64.5% | 14 |
| Vermont | $32,915,578 | $37,570,393 | 114.1% | $28,034,925 | 85.2% | 12 | $22,611,263 | 68.7% | 9 |
| Virginia | $146,150,373 | $160,211,985 | 109.6% | $117,788,915 | 80.6% | 22 | $63,386,371 | 43.4% | 47 |
| Washington* | $107,861,343 | $113,228,231 | 105.0% | $89,834,321 | 83.3% | 17 | $74,977,580 | 69.5% | 7 |
| West Virginia | $52,076,806 | $51,892,242 | 99.6% | $45,528,021 | 87.4% | 10 | $30,896,604 | 59.3% | 21 |
| Wisconsin | $153,272,185 | $125,064,557 | 81.6% | $80,127,142 | 52.3% | 50 | $59,660,369 | 38.9% | 49 |
| Wyoming | $40,490,148 | $38,258,753 | 94.5% | $40,414,758 | 99.8% | 3 | $36,563,341 | 90.3% | 1 |
| Total* | $6,582,877,272 | $6,141,372,604 | 93.3% | $4,895,359,916 | 74.4% | | $3,619,713,485 | 55.0% | |

**Minnesota and Washington figures have been adjusted for STP Pilot. All figures represent cumulative totals FY92–FY03*

example, for 12 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 12 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 as 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. 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: 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 or obligation authority. 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 their 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, Congress imposed an overall obligation limitation in FY 2003 such that approximately 86 percent of total apportionments could be obligated.

Limitations on obligations should be kept in mind, as this report discusses obligation

rates which are calculated based on available funds without considering obligation limitations.

**Table 2** shows that as of September 30, 2003, 74.4 percent of all available TE funds (cumulative FY 1992 through FY 2003) had been obligated. This national obligation rate continues to increase over the life of the TE program and is very close to FHWA's stated goal of 75 percent. The 2003 rate is higher than the rate of 72.2 percent reported at the end of FY 2002.

There was a slight decrease in the amount of money states obligated during FY 2003 as shown in **Figure 1**; however, the apportionment for FY 2003 was also lower. In FY 2002, the states obligated $647.6 million, the highest amount ever obligated during a single fiscal year, representing 86.3 percent of the FY 2002 apportionment. In FY 2003, states obligated $589.7 million, representing 95.9 percent of the FY 2003 apportionment. Therefore, while funding decreased for FY 2003, the percent of funds obligated increased.

**Figure 2** provides a graphic representation of the cumulative amounts of TE funds made available relative to funds obligated through the end of TEA-21.

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. Sixteen states have increased their obligation rates by more than 10 percentage points since FY 2000. The most dramatic increases have been in Arkansas, Rhode Island, and Virginia, each with increases of more than 30 percentage points. West Virginia and Missouri 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.

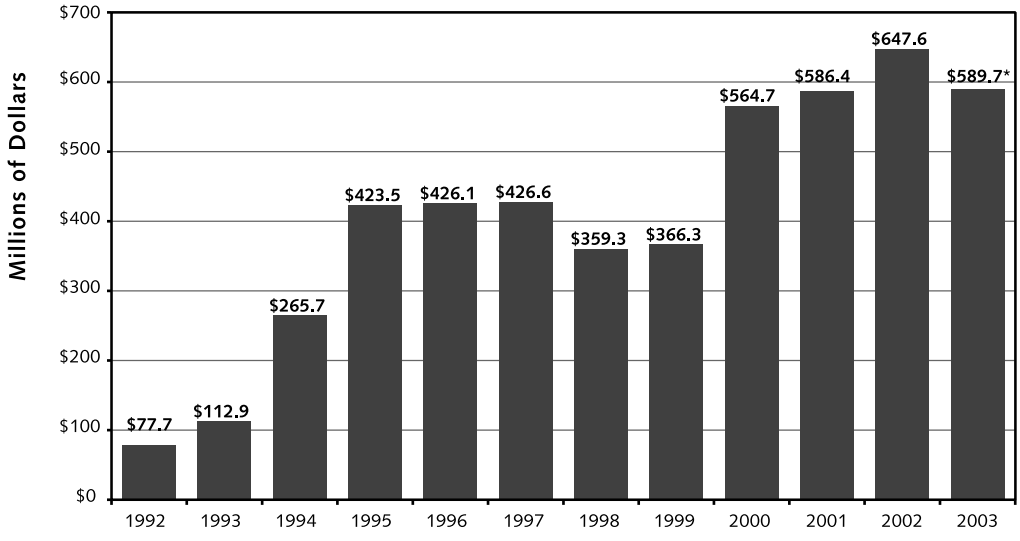
Other possible contributing factors to continued increases in obligations include the maturation of the TE program and the movement of older projects to the implementation stage.

### 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 for programmed projects reveals some of the factors that contribute to low obligation rates. Frequently mentioned were:

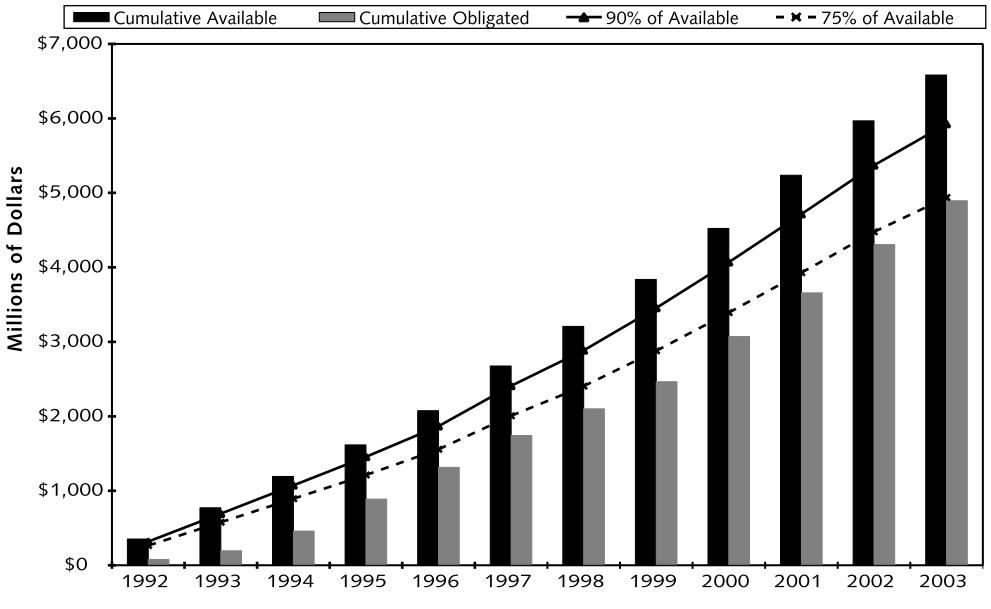
- **Inexperienced sponsors.** Problems in the project development process that have led to significant project delay are often the result of inexperienced project sponsors that lack the preparation and support to implement projects in a timely manner. Delays have resulted from inaccurate cost estimates, the inability to raise matching funds, an unfamiliarity with environmental and historic preservation review

**Figure 1: TE Funds Obligated Each Fiscal Year**
FY 1992 to FY 2003




* The amount of funds obligated in FY 2003 decreased; however, funds obligated as a percentage of funds apportioned increased.

**Figure 2: TE Obligation Trends** FY 1992 to FY 2003



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. TE suffers the brunt of the limitations and, therefore, they are unable to obligate TE funds at higher levels. They report a situation in which they will never be able to "catch up" their obligation rate because of the limitations.

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 2** shows that the cumulative national reimbursement rate (as a percentage of apportioned funds) at the end of FY 2003 was 55.0 percent, an increase of 4.4 percentage points over the reimbursement rate at the end of FY 2002. Reimbursement rates range among states from a low of 20.6 percent in Massachusetts to a high of 90.3 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 55 percent after 12 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 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.

In FY 2003, eight states transferred $13 million out of TE and into other programs as allowed by TEA-21. This is a decrease from the $16 million transferred in FY 2002. Of the $13 million total, $12 million was transferred to FTA for TE-eligible activities. **Table 3** provides a comparison of transfers from TE since FY 1999. As shown in the table, California transferred the largest sum to the FTA. The majority of all funds transferred since FY 1999, $29 million, have gone to the FTA.

Based upon discussions with state TE managers, it appears that the majority of the transferred funds is used for TE-type projects. The amount of money transferred is small in comparison to the total funds available for TE projects during FY 2003. The amount transferred to date, $44.9 million, accounts for only 0.68 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: TE Fund Transfers (to Program)

| State | FY1999 | to | FY2000 | to | FY2001 | to | FY2002 | to | FY2003 | to | Total TE funds Transferred FY1999–2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| California | | | $847,000 | FTA | $1,966,265 | FTA | $2,677,000 | FTA | $7,883,000 | FTA | $13,373,265 |
| Colorado | | | | | | | $257,292 | FTA | $325,000 | FTA | $582,292 |
| 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 | $6,756,262 |
| | | | | | $1,341,721 | NHS | $1,340,060 | NHS | $787,385 | NHS | $3,469,166 |
| Montana | | | | | $45,513 | FTA | | | | | $45,513 |
| New Jersey | | | | | $2,000,000 | FTA | | | $1,000,000 | FTA | $3,000,000 |
| New York | | | | | | | | | $980,000 | FTA | $980,000 |
| Ohio | | | | | $183,750 | FTA | $196,000 | FTA | | | $379,750 |
| Rhode Island | | | | | $64,000 | FTA | | | $88,800 | FTA | $152,800 |
| Tennessee | | | $448,112 | Rec Trails | $661,701 | Rec Trails | $790,617 | Rec Trails | $225,547 | Rec Trails | $2,125,977 |
| Texas | | | | | | | $2,752,320 | FTA | | | $2,752,320 |
| Vermont | | | | | | | | | $310,648 | FTA | $310,648 |
| 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 | | $7,763,575 | | $12,150,248 | | $29,149,870 |
| **to NHS** | $1,062,624 | | $2,699,243 | | $1,341,721 | | $7,690,746 | | $787,385 | | $13,581,719 |
| **to Rec Trails** | | | $448,112 | | $661,701 | | $790,617 | | $225,547 | | $2,125,977 |
| **Total** | $1,062,624 | | $4,309,355 | | $10,077,469 | | $16,244,938 | | $13,163,180 | | $44,857,566 |

## DISTRIBUTION ACROSS THE 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.

### The Twelve Transportation Enhancement Activities

**Figure 3** illustrates the distribution of funds across all 12 activities for FY 2003. The percentages have shifted only slightly from previous years. Bicycle and pedestrian facilities (Activity 1) received almost half of all programmed funds at 45 percent and the category has remained steady since FY 2001. Landscaping and scenic beautification (Activity 5) received 17 percent of all programmed funds, up three percentage points since FY 2000. Historic preservation (Activity 6), combined with rehabilitation/operation of historic transportation buildings, structures, or facilities (Activity 7), received 17 percent of all programmed funds, down three percentage points since FY 2000. Preservation of abandoned railway corridors (Activity 8) received nine percent, down three percentage point since FY 2000. Together, these five activities account for 88 percent of programmed TE funds.

**Figure 3: Distribution of Federal Funds by TE Activity**
FY 1992 to FY 2003

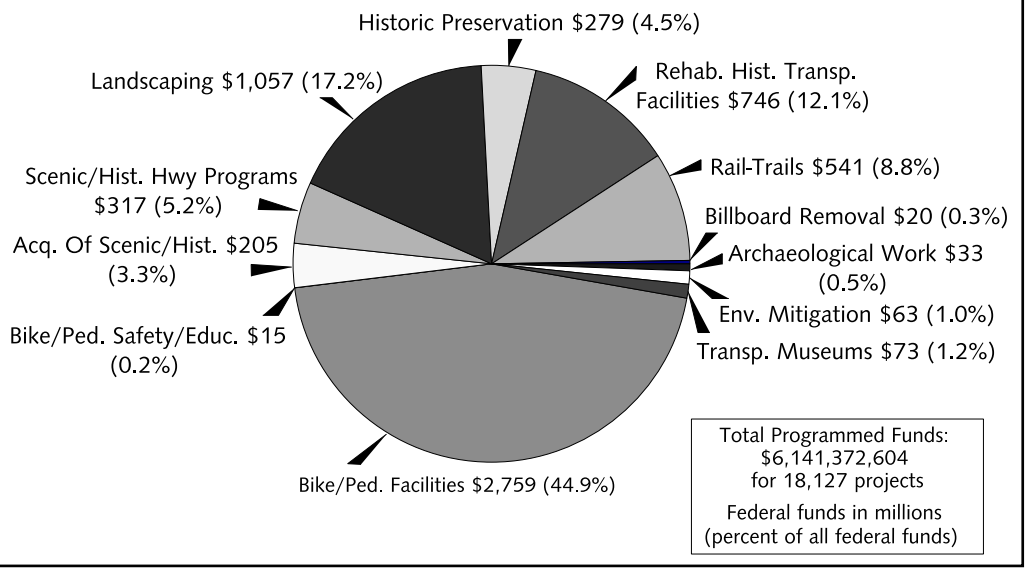


**Figure 4: Cumulative Share of TE Funding by Major Project Type**
FY 1999 to FY 2003

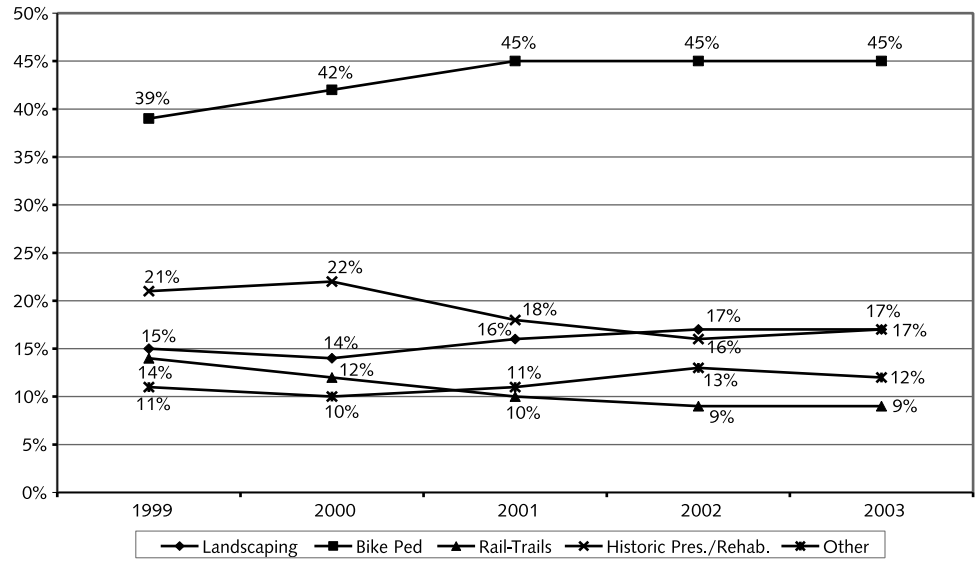



**Figure 4** provides a graphic representation of categorical funding trends since FY 1999. The percentages presented are cumulative for FY 1999 to FY 2003. The figure shows that the relative shares of TE funding for pedestrian and bicycle facilities and landscaping and scenic beautification have risen since FY 1999, while historic preservation and rehabilitation and rail-trails have been on the decline.

The majority of projects in the landscaping and scenic beautification category involve landscaping along highways and at interchanges, including native wildflower plantings. Streetscape projects are also popular in this category, and their numbers have been increasing. The average Activity 5 project funding is $286,000, lower than the average TE project ($339,000) 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.

The percentage of TE funds dedicated to historic preservation and rehabilitation projects has decreased since FY 2000. Historic bridge rehabilitation accounted for the majority of the funds in these two categories. Railroad depot renovations also account for a large share of these funds. The average project size in these categories is $387,000, higher than the average TE project. 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.

The average rail-trail project received $436,000 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.

### Future Programming

Eighteen states have programmed 868 projects for future years (beyond 2003). As indicated in **Table 4**, bicycle and pedestrian facilities account for 63 percent of future programmed funds, and landscaping projects receive 21 percent. The shares of historic preservation, rehabilitation of transportation facilities, and rail-trails are lower in future programming (at 3, 4, and 5 percent, respectively).

While these 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 indicate where some future funds have been committed.

### Bicycle and Pedestrian Facility 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** shows the distribution of federal programmed funds to TE projects with a bicycle and pedestrian component (Activities 1, 2, and 8). Off-road trails comprise the majority of projects in the bicycle and pedestrian facilities category. Pedestrian facilities account for the second largest share of programmed TE funds associated with bicycle and pedestrian facilities. Rail-trails and on-road bicycle facilities comprise the next largest shares, respectively.

## PROGRAMMED FEDERAL AWARDS AND MATCH RATES

The national project list provides information regarding funding on a project-by-project basis. This data allows NTEC to analyze the average project award in each state. **Table 5** illustrates that in FY 2003 the average federal project award was $338,797 nationwide. Average awards by state varied from $99,649 in Nebraska to $1,034,907 in Hawaii.

The Federal-aid Highway Program requires that federal 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 an average 20 percent non-federal share.

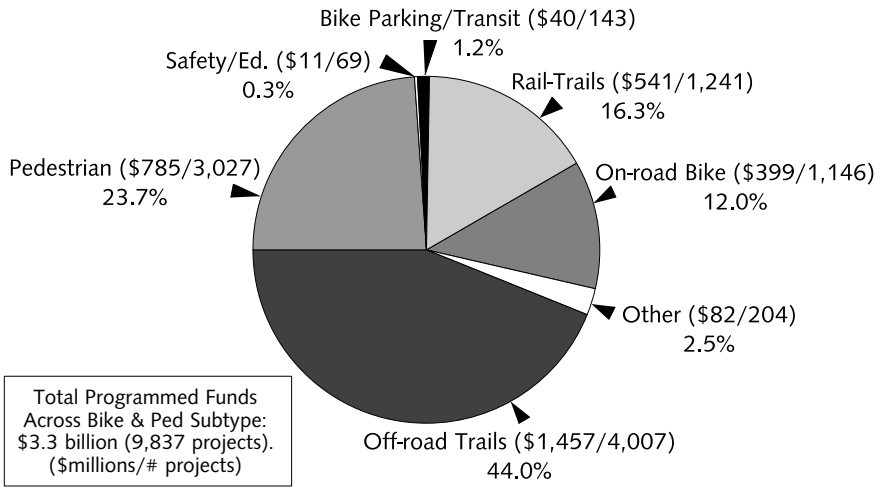
Each state DOT establishes its own guidelines and requirements for providing the non-federal share of project costs. States require local sponsors to provide a share of project costs. The amount required varies by state.

- 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.

**Table 4: Programmed Projects by TE Activities**
For FY 2004 and Beyond

| TE Activity | Project Count | Federal TE $ | % of All Federal Funds |
|---|---|---|---|
| Bike/Ped Facilities | 489 | $182,479,766 | 63% |
| Bike/Ped Safety/Educ. | 8 | $505,532 | 0% |
| Scenic/Hist. Acquis. | 7 | $1,668,200 | 1% |
| Scenic/Hist. Hwy. & Visitors Centers | 30 | $6,410,914 | 2% |
| Landscaping | 210 | $59,894,397 | 21% |
| Historic Preservation | 42 | $8,481,844 | 3% |
| Historic Transp. Facilities | 35 | $11,188,526 | 4% |
| Rail-Trails | 24 | $15,230,019 | 5% |
| Billboard Removal | 2 | $13,283 | 0% |
| Archaeology | 4 | $1,166,088 | 0% |
| Runoff Mitigation & Wildlife Connec. | 11 | $1,873,924 | 1% |
| Transportation Museums | 6 | $2,016,769 | 1% |
| TOTAL | 868 | $290,929,262 | 100% |

**Figure 5: Distribution of Funds Across Bike & Pedestrian Project Subtypes**
FY 1992 to FY 2003



- ✤ 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 consider 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 5** provides information on matching fund levels reported by each state.

In FY 2003, the average national match rate was 28.3 percent, surpassing the 20 percent standard defined in ISTEA and TEA-21 as in previous years. **Table 5** 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 28.3 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 5: Programmed Federal Awards and Matching Funds** FY 1992 through FY 2003

| State | Project Count | Federal Awards | Average Federal Award | Matching Funds | Match Rate | Match rank |
|---|---|---|---|---|---|---|
| Alabama | 575 | $123,346,559 | $214,516 | $30,624,555 | 19.9% | 12 |
| Alaska | 246 | $108,682,926 | $441,801 | $13,399,620 | 11.0% | 2 |
| Arizona | 292 | $106,275,244 | $363,956 | $22,638,055 | 17.6% | 6 |
| Arkansas | 424 | $91,326,504 | $215,393 | $27,733,290 | 23.3% | 28 |
| California | 1078 | $698,773,789 | $648,213 | $422,567,800 | 37.7% | 47 |
| Colorado | 443 | $85,693,681 | $193,439 | $29,797,088 | 25.8% | 36 |
| Connecticut | 156 | $96,296,217 | $617,283 | $23,971,516 | 19.9% | 13 |
| Delaware | 119 | $27,296,607 | $229,383 | $17,361,117 | 38.9% | 49 |
| District of Columbia | 57 | $31,933,713 | $560,241 | $5,996,598 | 15.8% | 4 |
| Florida | 862 | $322,307,260 | $373,906 | $15,777,925 | 4.7% | 1 |
| Georgia | 457 | $220,123,436 | $481,671 | $58,482,481 | 21.0% | 19 |
| Hawaii | 34 | $35,186,841 | $1,034,907 | $8,796,713 | 20.0% | 16 |
| Idaho | 102 | $32,047,859 | $314,195 | $10,577,396 | 24.8% | 31 |
| Illinois | 371 | $256,035,304 | $690,122 | $67,133,708 | 20.8% | 18 |
| Indiana | 325 | $183,048,703 | $563,227 | $54,013,353 | 22.8% | 26 |
| Iowa | 491 | $84,951,253 | $173,017 | $85,411,792 | 50.1% | 50 |
| Kansas | 180 | $64,365,187 | $357,584 | $18,853,649 | 22.7% | 24 |
| Kentucky | 448 | $106,333,463 | $237,351 | $34,833,126 | 24.7% | 30 |
| Louisiana | 303 | $90,248,052 | $297,848 | $19,955,835 | 18.1% | 7 |
| Maine | 174 | $30,267,313 | $173,950 | $9,305,714 | 23.5% | 29 |
| Maryland | 177 | $103,392,859 | $584,140 | $160,740,528 | 60.9% | 52 |
| Massachusetts | 235 | $64,235,297 | $273,342 | $16,049,629 | 20.0% | 14 |
| Michigan | 1037 | $192,270,656 | $185,410 | $88,993,412 | 31.6% | 43 |
| Minnesota | 336 | $97,440,720 | $290,002 | $39,802,925 | 29.0% | 40 |
| Mississippi | 124 | $74,596,299 | $601,583 | $25,653,282 | 25.6% | 35 |
| Missouri | 521 | $135,965,202 | $260,970 | $63,768,440 | 31.9% | 44 |
| Montana | 475 | $47,953,902 | $100,956 | $20,519,634 | 30.0% | 41 |
| Nebraska | 491 | $48,927,621 | $99,649 | $17,030,109 | 25.8% | 37 |
| Nevada | 97 | $48,824,901 | $503,349 | $13,496,058 | 21.7% | 21 |
| New Hampshire | 137 | $32,585,461 | $237,850 | $8,145,000 | 20.0% | 15 |
| New Jersey | 328 | $128,066,552 | $390,447 | $78,339,750 | 38.0% | 48 |
| New Mexico | 261 | $74,017,800 | $283,593 | $24,681,100 | 25.0% | 32 |
| New York | 409 | $228,538,366 | $558,774 | $104,768,183 | 31.4% | 42 |
| North Carolina | 577 | $172,643,110 | $299,208 | $50,788,077 | 22.7% | 25 |
| North Dakota | 140 | $33,573,753 | $239,813 | $9,776,873 | 22.6% | 23 |
| Ohio | 365 | $151,628,893 | $415,422 | $40,591,912 | 21.1% | 20 |
| Oklahoma | 256 | $96,827,205 | $378,231 | $23,246,146 | 19.4% | 10 |
| Oregon | 143 | $55,299,174 | $386,708 | $18,934,352 | 25.5% | 34 |
| Pennsylvania | 559 | $255,040,000 | $456,243 | $62,202,000 | 19.6% | 11 |
| Puerto Rico | 17 | $15,507,118 | $912,183 | $5,951,529 | 27.7% | 39 |
| Rhode Island | 131 | $29,181,226 | $222,757 | $5,044,983 | 14.7% | 3 |
| South Carolina | 419 | $57,176,269 | $136,459 | $28,530,691 | 33.3% | 45 |
| South Dakota | 157 | $29,434,140 | $187,479 | $9,951,050 | 25.3% | 33 |
| Tennessee | 387 | $138,303,831 | $357,374 | $32,370,363 | 19.0% | 9 |
| Texas | 505 | $475,463,581 | $941,512 | $106,431,351 | 18.3% | 8 |
| Utah | 92 | $33,712,596 | $366,441 | $11,736,173 | 25.8% | 38 |
| Vermont | 212 | $37,570,393 | $177,219 | $11,115,388 | 22.8% | 27 |
| Virginia | 837 | $160,211,985 | $191,412 | $243,023,413 | 60.3% | 51 |
| Washington | 517 | $113,228,231 | $219,010 | $68,093,672 | 37.6% | 46 |
| West Virginia | 291 | $51,892,242 | $178,324 | $12,973,069 | 20.0% | 17 |
| Wisconsin | 509 | $125,064,557 | $245,706 | $35,587,028 | 22.2% | 22 |
| Wyoming | 248 | $38,258,753 | $154,269 | $7,203,776 | 15.8% | 5 |
| TOTAL | 18127 | $6,141,372,604 | $338,797 | $2,422,771,227 | 28.3% | |

*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 larger than required non-federal share of project costs. Despite the uncertainties of the upcoming reauthorization of the federal surface transportation program, states selected projects at a high rate in FY 2003 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. 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.

The cumulative national obligation rate continued to rise, but remains 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 every other federal-aid highway spending category. States have the flexibility to prioritize and distribute obligation authority among the various programs. This discretion has had 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, but also many state DOTs have 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, 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 2003. 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 DOT TE Manager Contact Information as of May 2004

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

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