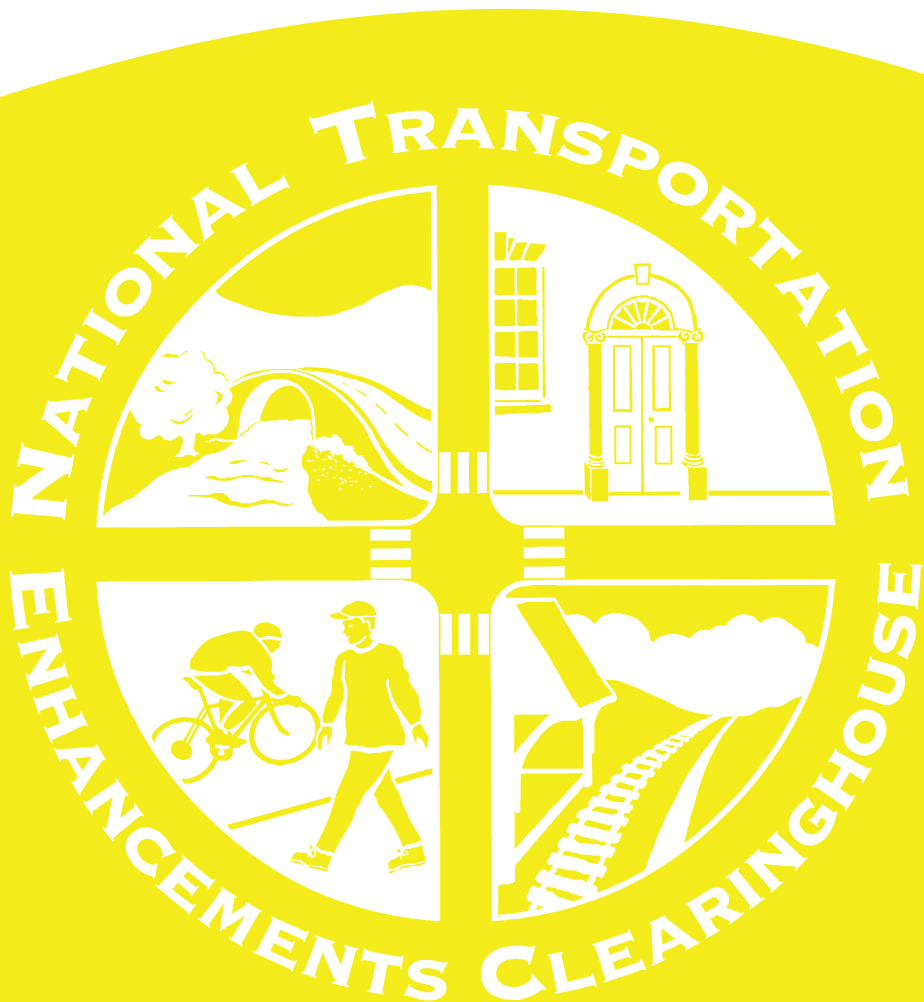


Transportation Enhancements

Summary of Nationwide
Spending as of FY 2009



MAY 2010

Prepared by
National Transportation
Enhancements Clearinghouse

“For transportation enhancement activities.
—In a fiscal year, the greater of 10 percent of the funds apportioned to a State under section 104(b) (3) for such fiscal year, or the amount set aside under this paragraph with respect to the State for fiscal year 2005, shall only be available for transportation enhancement activities.”

23 U.S.C. 133(d) (2)

Common abbreviations used in this report:

TE: Transportation Enhancement Activities

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

SAFETEA-LU: Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users of 2005

STP: Surface Transportation Program

FY: Fiscal Year

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Executive Summary

Transportation Enhancement (TE) projects expand travel choices and improve America's travel experience. Congress has defined this mission and given the program a specialized structure to achieve the aims of livability. TE funding helps build an American transportation system that supports diverse travel choices and is seamlessly integrated with our natural, economic, and social ecosystems.

Since its inception in 1992 and through 2009, the TE program has made over \$9 billion available to the states. This report documents and analyzes state spending through the end of Fiscal Year (FY) 2009. The close of that fiscal year marked the expiration of federal funding authorization under the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU) and concludes another phase in federal transportation policy.

This report is prepared by the National Transportation Enhancements Clearinghouse (NTEC). NTEC is operated by the Rails-to-Trails Conservancy under a cooperative agreement with the Federal Highway Administration (FHWA). NTEC provides transparency to a complex program, promotes best practices, and provides to citizens and policy-makers an opportunity to learn how states have used this dedicated funding.

The data in this report were obtained from the FHWA Fiscal Management Information System (FMIS) and through direct interaction with staff and data systems at every one of the state transportation agencies. This report publishes an array of statistics to provide insight into TE spending at the national and state levels. The report provides agency staff, policy makers, professionals, and citizens the opportunity to better understand and maximize the benefits to be derived from the TE program.

Spending Analysis

Figure 1 on page 3 illustrates the status of funding at the national level through FY 2009. From 1992 through 2009, \$9.2 billion has been made available to the states for TE projects. NTEC's up-to-date nationwide project listing shows that state Departments of Transportation (DOTs) programmed 95% of cumulative available funding for more than 24,000 projects through FY 2009.

State DOTs cumulatively obligated 89% of available funding, representing a substantial increase from the obligation rate of 80.4% reported at the end of FY 2008. However, it should be noted that the increase in the obligation rate is attributable to federal rescissions, rather than new obligations. (Rescissions are discussed in detail on page 18.) Obligations made in FY 2009 were actually less than the new TE funding apportioned in that fiscal year. Low obligations in FY09 were due in part to the fact that state transportation agencies were focused on implementing the American Recovery and Reinvestment Act (ARRA), which included funding for TE and required rapid implementation. ARRA TE spending is addressed in Appendix A of this report.

The financial path of a successfully completed TE project ends with reimbursement, which is the moment at which federal dollars are actually dispersed to the project sponsor. The reimbursement rate for obligated funding through FY 2009 is at 86.9%, up from 86.5% in FY 2008 and 83.8% in FY 2007. Obligation and reimbursement rates are noteworthy because they are indicative of the success rate for implementing selected projects. When contrasted with the programming rate, this statistic provides a measure of the lag between project selection and implementation. Rising reimbursement rates for TE show that the TE program has matured in many states to the point of becoming streamlined and efficient.

Despite this progress, the 2009 fiscal year presented new challenges to the TE program. The American Recovery and Reinvestment Act of 2009 made an additional \$800 million available for TE, but on a short one-year timeline. In the same fiscal year, rescissions reduced the cumulative available TE

funding by almost \$1 billion. The year concluded with the expiration of SAFETEA-LU and the inauguration of a series of short-term extensions, which continue as of the publication of this report.

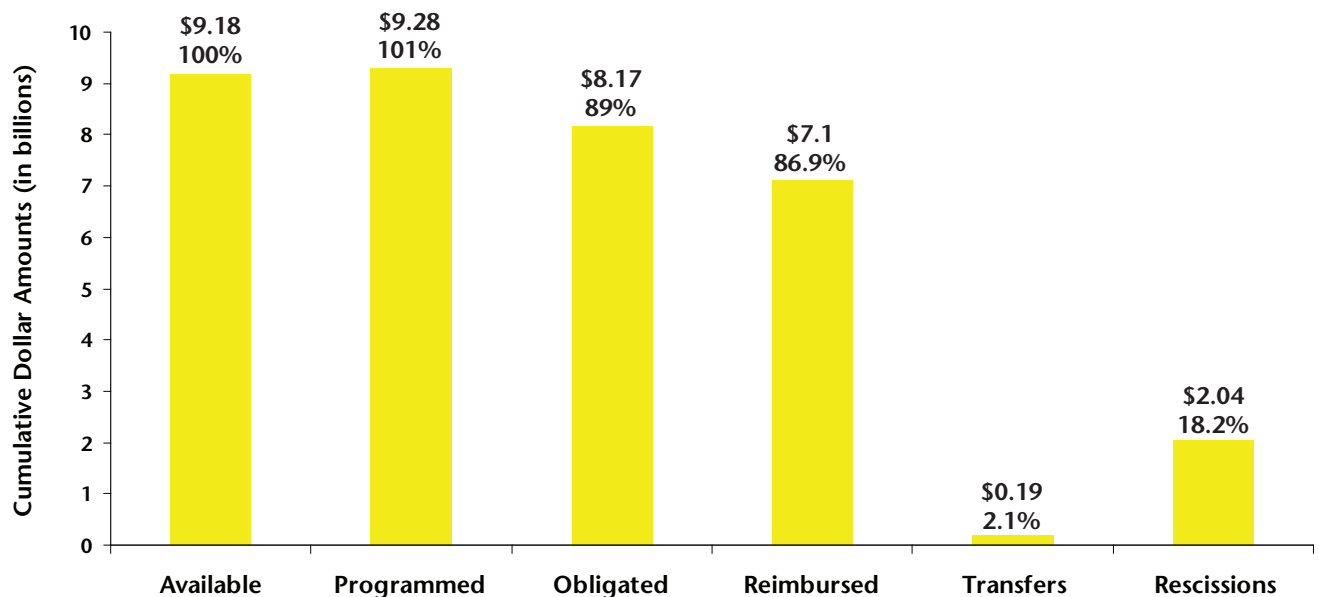
Nationwide Priorities for Transportation Enhancement Funding

The consistent leading priority in TE investment since 1992 has been to improve conditions for walking and bicycling, followed by landscaping and beautification, and then historic preservation and rehabilitation. Bicycle and pedestrian facilities, combined with rail-trails and bike/ped safety programs, comprise 56.4% of programmed funding between FY 1992 and FY 2009. Landscaping and scenic beautification received 18.3% of TE funding. Historic preservation and rehabilitation of historic transportation facilities received 13.7% of TE funding. The remaining six categories combined account for less than 12% of programmed funding.

Lessons of FY 2009

The 2009 fiscal year demonstrates the maturity of the US DOT’s Transportation Enhancement program. As the TE program approaches its third decade, it is clear that this program has been embraced both within state DOTs and in the communities where projects are being realized. The economic climate in 2009 meant that many state governments were furloughing employees and that local project sponsors were hard-pressed to find matching funding. However, the American Recovery and Reinvestment Act, which funded 1,134 TE projects, demonstrated that TE remains a priority for the role it plays in building a truly livable transportation system. Even excluding ARRA, FY 2009 displays the highest programming rate for any year since the inception of the program (see Figure 1). This priority, maturity, and mastery of the program at the federal, state, and community levels is significant because the restored funding lost in rescissions can be put to use to revive local economies and create more livable communities.

Figure 1: Cumulative Transportation Enhancements Financial Summary, FY 1992 to FY 2009



The reimbursement rate is calculated using obligated funds as the denominator, since only obligated funds can be reimbursed. The rescissions rate is calculated using Available + Rescinded as the denominator, which reflects the original cumulative available balance prior to rescissions.

Structure of the TE Program

Authorization of Funding for the Program

The U.S. Congress crafts a multi-year budget package for transportation spending to enable strategic long-term programs and investments. These budgets are referred to as “authorizing legislation.” The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) was the authorizing legislation that established a dedicated funding stream for a set of newly defined TE activities under the Federal-aid Highway Program. Ten percent of Surface Transportation Program (STP) funding, plus ten percent of the portion of Minimum Allocation funding distributed to the STP, were set aside for TE activities. The dedication of Federal-aid highway funding specifically for TE demonstrated a significant shift in national transportation policy. Prior to ISTEA, many of important transportation needs had been excluded from the normal routine of planning, funding, and building transportation infrastructure. Under ISTEA, Congress ensured that funding would be available for bicycle and pedestrian transportation, for the preservation and enhancement of many of the nation’s scenic and historic assets, and to address and protect environmental systems that form the context for much of America’s transportation infrastructure.

In 1998, Congress reauthorized Federal-aid surface transportation programs through the Transportation Equity Act for the 21st Century (TEA-21). The 10% set-aside for TE (from STP) continued with minor adjustments. Under TEA-21, “Minimum Guarantee” funding replaced “Minimum Allocation” funding and a new concept of Revenue Aligned Budget Authority (RABA) funding was authorized, with ten percent of the RABA funding apportioned as STP funding also being set aside for TE activities. These changes and overall increases under TEA-21, meant that TE funding levels increased by 40%. The scope of TE expanded with a broader definition and two new eligible TE activities (see pages 5 and 6 for the list of eligible activities). TEA-21 also added the stipulation that projects must relate to surface transportation in order to receive TE funding. TEA-21 expired at the end of FY 2003. Twelve extensions were enacted over a period of two years after the original expiration date for TEA-21 before new authorizing legislation was passed.

On August 10, 2005, Congress enacted the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Several small changes were incorporated into the statutory language defining the eligible activities. SAFETEA-LU affirmed and continued the 10% set-aside for TE with “Equity Bonus” replacing “Minimum Guarantee” funding, and it stipulated that TE apportionments for each fiscal year meet or surpass the baseline level established in FY 2005 funding.

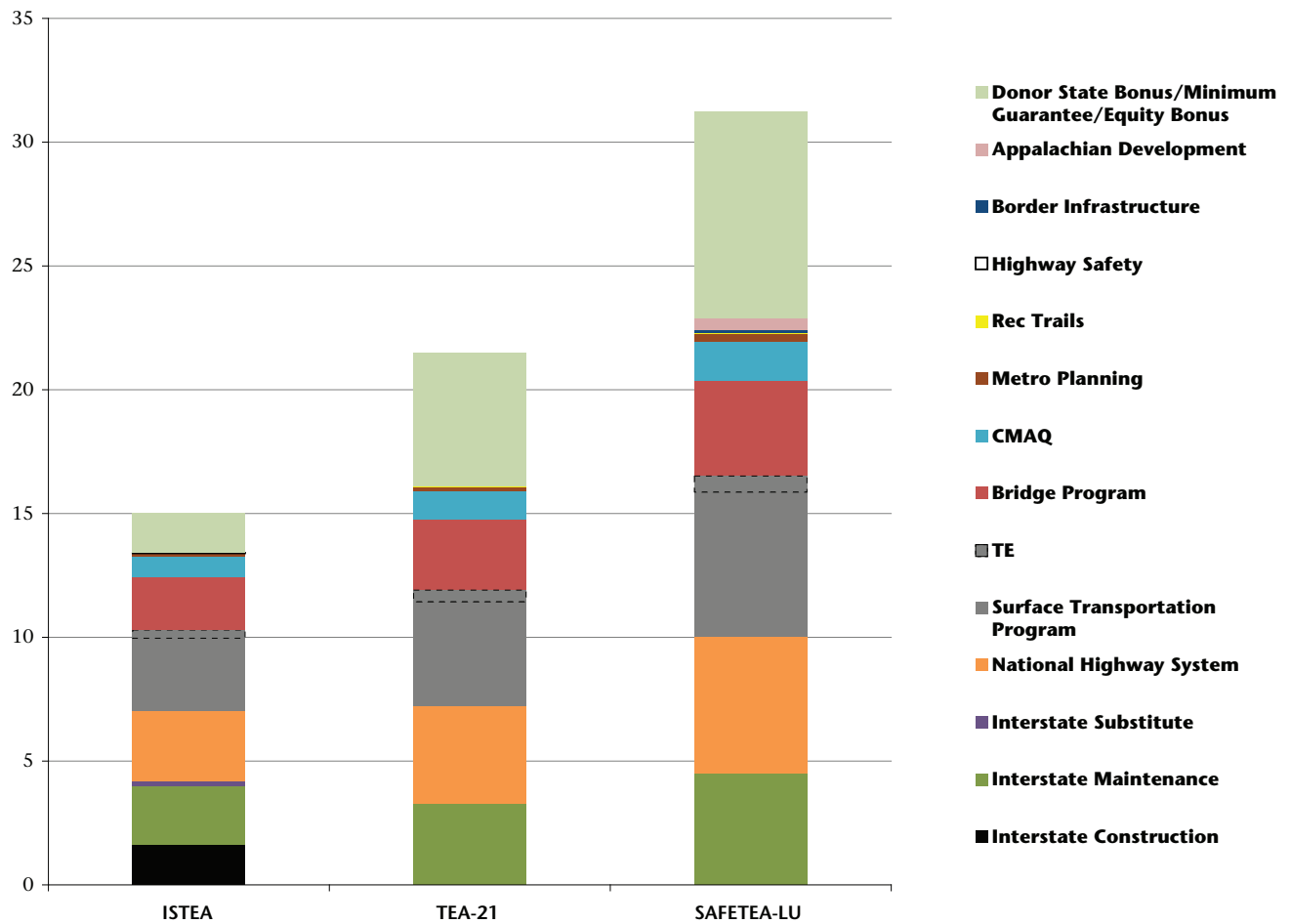
SAFETEA-LU expired on September 30, 2009, but funding authorization has continued through a series of five extensions to date. On March 18, 2010, President Obama signed the [Hiring Incentives to Restore Employment \(HIRE\) Act](#), a \$17.6 billion jobs bill, which extended the transportation programs and Highway Trust Fund expenditure authority through December 31, 2010.

Transportation Projects Eligible for Funding

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 restrictions. Projects seeking TE funding may qualify within one or more of the [12 categories](#) listed on pages 5 and 6. A TE project must be accessible to the public, and may be a “stand-alone” project or an addition to a larger statewide project.

According to the governing legislation, TE activities must “relate to surface transportation.” Each state DOT works with its FHWA Division office representatives to ensure that projects demonstrate a substantial relationship to the surface transportation system. The following factors can help establish this relationship, though none of them necessarily “make or break” the case:

Figure 2: Budget Breakdown for Three Transportation Authorizations
(in billions of dollars)



This figure is based on annual apportionments for FY 1992 (ISTEA), FY 1998 (TEA-21), and FY 2005 (SAFETEA-LU).

Data sources: <http://www.fhwa.dot.gov/legisregs/directives/notices.htm>; <http://www.fhwa.dot.gov/tea21/suptb198.xls>; <http://www.fhwa.dot.gov/legisregs/directives/notices/n4510563a1.htm>

Function – The project serves, or have served, as a functional component of the intermodal surface transportation system.

Proximity – The project is contiguous to or clearly visible from a publicly accessible transportation facility. However, proximity alone is not enough - if the relationship to the transportation system is solely by proximity, the proposed activity must significantly enhance the overall surface transportation system.

Impact – The project has a significant beneficial impact on the surface transportation system or addresses a significant impact of surface transportation on a resource.

TE funding may not be used for routine maintenance or standard environmental mitigation, nor for TE program administrative, research, and/or training costs. However, planning related to a specific project is eligible for funding.

The majority of projects that use TE funding are relatively small-scale transportation projects with an average federal share of \$371,931 and project cost of \$536,757. They are most often initiated at the local level by project sponsors from city or county governments or community-based

The 12 Transportation Enhancement Activities

The term Transportation Enhancement Activity means any of the following as they relate to surface transportation.



1

Pedestrian and bicycle facilities:

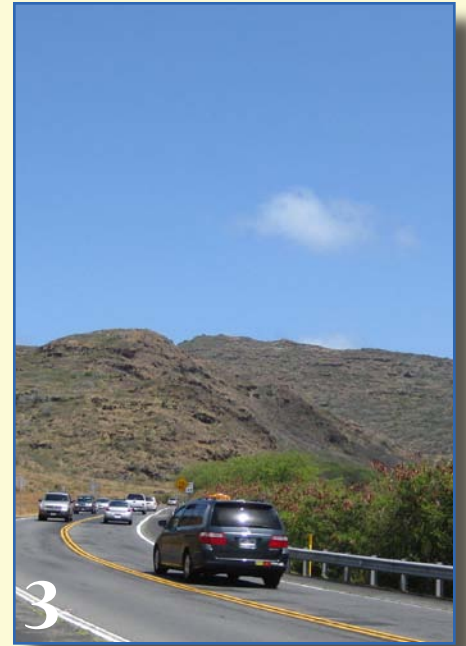
New or reconstructed sidewalks, walkways, curb ramps, bike lane striping, paved shoulders, bike parking, bus racks, off-road trails, bike and pedestrian bridges, and underpasses.



2

Safety and educational activities for pedestrians and bicyclists:

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, including historic battlefields:

Acquisition of scenic land easements, vistas, and landscapes, including historic battlefields; purchase of building in historic districts or historic properties.



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:

Street furniture, lighting, public art, and landscaping along street, highways, trails, waterfronts, and gateways.



6

Historic preservation:

Preservation of buildings and façades in historic districts; restoration and reuse of historic building for transportation-related purposes; access improvements to historic sites and buildings.



7

Rehabilitation and operation of historic transportation buildings, structures, or facilities: Restoration of historic railroad depots, bus stations, canals, canal tow-paths, historic canal bridges, and lighthouses; rehabilitation of rail trestles, tunnels, and bridges.



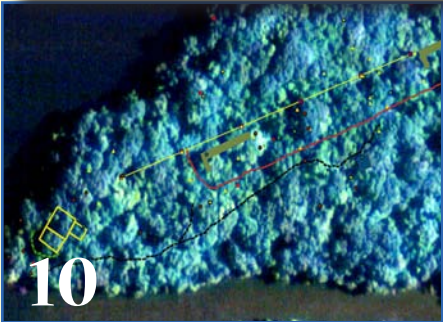
8

Preservation of abandoned railway corridors and the conversion and use of the corridors for pedestrian or bicycle trails: Acquiring railroad rights-of-way; planning, designing and constructing multi-use trails; developing rail-with-trail projects; purchasing unused railroad property for reuse as trails.



9

Inventory, control, and removal of outdoor advertising: Billboard inventories or removal of nonconforming billboards.



10

Archeological planning and research: Research, preservation planning, and interpretation; developing interpretive signs, exhibits, guides inventories, and surveys.



11

Environmental mitigation to address water pollution due to highway runoff or to reduce vehicle-caused wildlife mortality while maintaining habitat connectivity: Runoff pollution mitigation, soil erosion controls, detention and sediment basins, river cleanups, and wildlife crossings.



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.

organizations. Projects funded with TE dollars can also be initiated by state DOTs, other state agencies, tribal governments, or federal agencies.

Administration of TE Funding and Projects

Federal Role

Like other components of the Federal-aid Highway Program, TE activities are federally funded and state administered. Federal Highway Administration (FHWA) division office staff provide guidance, stewardship, and oversight for the use of TE funding. FHWA disburses federal funding to the states and the District of Columbia via formula apportionments. State DOTs administer apportioned TE funding. The FHWA division offices in each state determine project eligibility according to guidance developed by FHWA Headquarters, Office of Planning, Environment, and Realty.

State Role

Federal transportation law provides flexibility to states in regard to managing and administering TE funding. State DOTs use a wide range of approaches to the various aspects of TE management, including soliciting and selecting TE projects; involving local sponsors; engaging regional transportation planning organizations; administering the various federal options for financing matching funding; 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 can also be found on the NTEC website, www.enhancements.org, along with contact information for the TE Manager in each state.

FY 2009 Summary of Nationwide Spending

The National Transportation Enhancements Clearinghouse (NTEC) tracks the status of funding at both the state and national levels. NTEC's analysis is updated annually and allows an assessment of how TE activities are being funded and implemented.

The data and analysis are reported in four sections. "Data Collection Process" presents a summary of TE spending figures with an explanation of sources and methods for data collection, and an exploration of state-specific data issues. "Trends in the Funding Life-Cycle" presents an analysis of TE activities at the end of fiscal year (FY) 2009 based on the traditional benchmarks of state spending. "Rescissions" explains this fiscal concept and analyzes the impact of rescissions on the TE program both historically and in FY 2009. "Distribution of TE Programming" covers trends observed for the TE activities themselves, such as distribution of funding across the 12 eligible activities. Four appendices provide supplemental information.

Data Collection Process

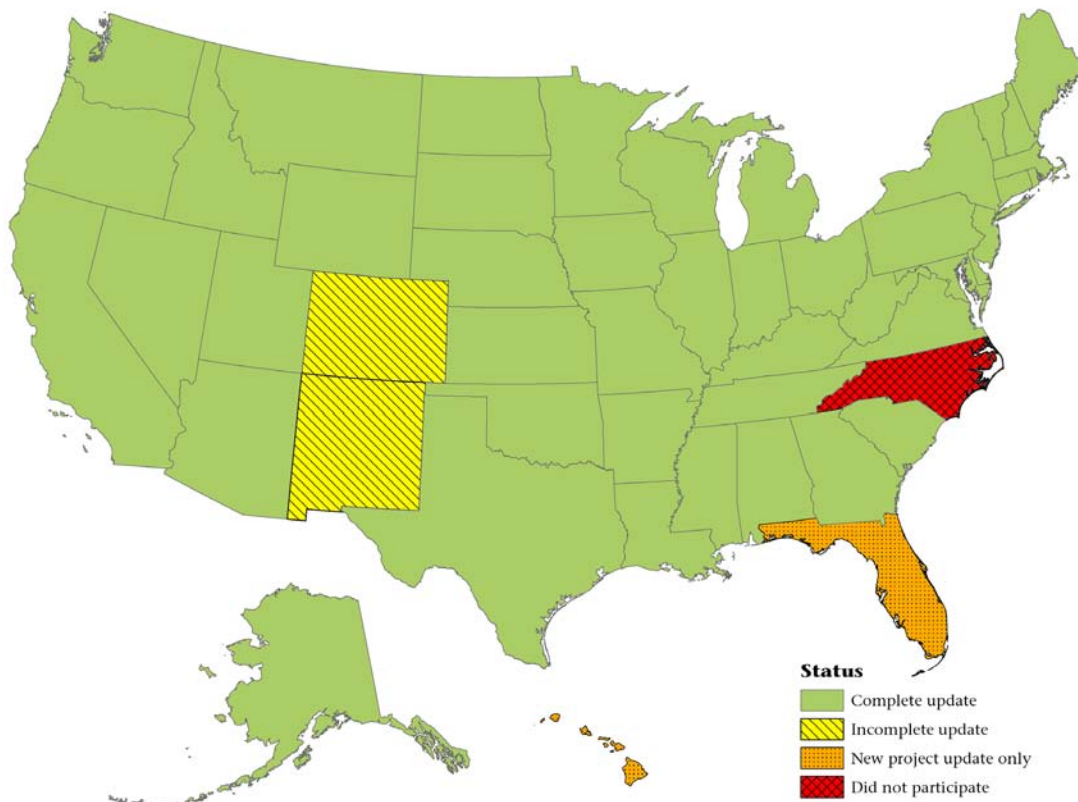
The information in this report is based on data collected and maintained by the National Transportation Enhancements Clearinghouse (NTEC). Beginning in 1993, the Rails-to-Trails Conservancy developed a database of TE projects funded by each state. This project listing has been managed and updated annually by NTEC since 1998 under successive cooperative agreements with FHWA. Data for this report were collected between December 2009 and April 2010. Data are provided to NTEC from two sources: FHWA's Fiscal Management Information System (FMIS), state DOT tracking systems, and the state TE Coordinators themselves.

FMIS provides NTEC with the cumulative and fiscal year activity for every state for funding available, obligated, and reimbursed. Every state is required to report its obligations and reimbursements through the FMIS system.

State DOTs provide NTEC with programming (selected/planned project) data, including project name, TE activity type, location, and funding levels. This allows NTEC to analyze the distribution of funding by TE category and state match rates for TE funding. Though states are not contractually required to provide NTEC with this information, their voluntary participation in doing so has been essential to the success of the clearinghouse in creating openness, transparency, and promoting best practices.

The national list of programmed TE projects now contains 24,811 projects selected from FY 1992 to FY 2009. NTEC's database also contains 462 programmed projects for future fiscal years (FY 2010 to FY 2013) and 1,134 ARRA projects. Altogether, the list contains 26,407 programmed TE projects. The national TE project list can be viewed on the NTEC website at www.enhancements.org. 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, 49 states and the District of Columbia provided NTEC with programming information. While North Carolina did not respond to NTEC's request for TE programming data, NTEC collected the state's ARRA TE projects from www.recovery.gov.**

Figure 3: State Data Collection Participation During FY 2009



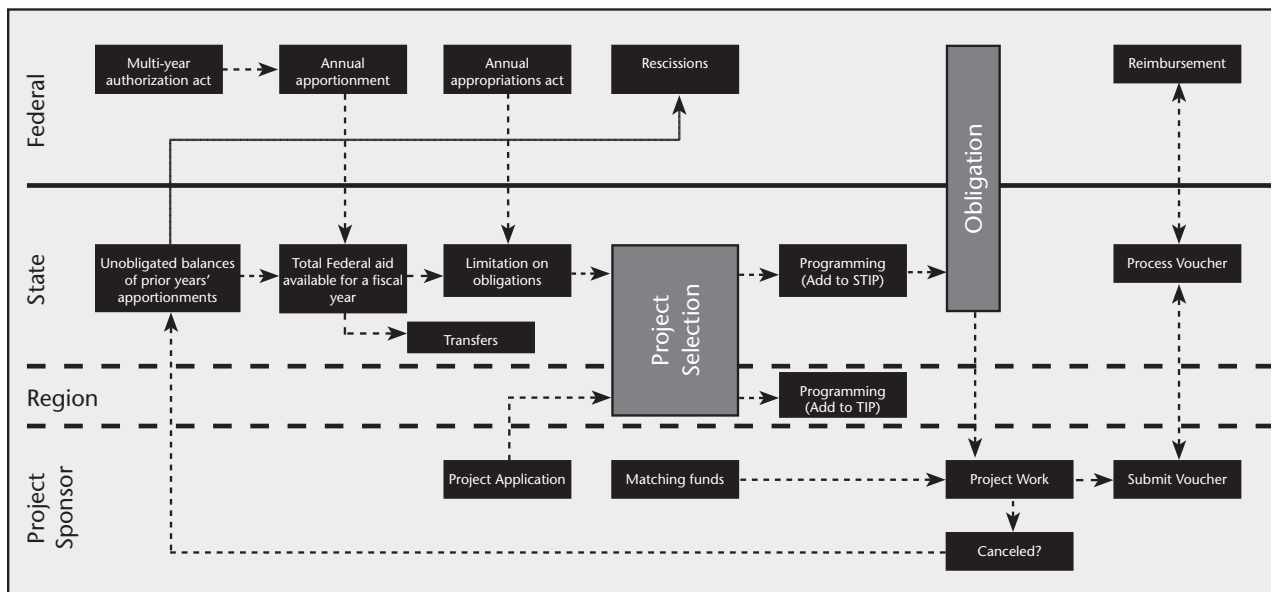
Trends in the Financing Life-Cycle

This section presents the major findings of an analysis of all transactions in FMIS for TE funding codes as of the close of the 2009 fiscal year. The sub-sections define the stages of the federal financing life-cycle and discuss unique issues relating to TE projects within this life-cycle. The discussion includes some notes on the limitations of FMIS as a data foundation for evaluating the performance of the TE program.

Authorization of Funding

A multi-year authorization act of Congress like SAFETEA-LU is the first step in the TE financing life-cycle. This is followed by appropriations, apportionment, programming, obligations, and reimbursement. These stages, and the roles of the federal legislature, federal executive, states, and local governments in the process are illustrated in Figure 4.

Figure 4: The Transportation Funding Life-Cycle



This figure is adapted in part from [Figure 3 in Financing Federal-aid Highways](#), Publication No. FHWA-PL-07-017, March 2007, Office of Legislative and Governmental Affairs, Federal Highway Administration, US Department of Transportation.

Available Funding

Available funding is the amount apportioned by the federal government to the state DOTs minus the amount transferred from TE to other allowable transportation programs. The available balance also decreases when funding expires or is rescinded by the federal government. In FY 2009, apportionments remained constant or increased by less than 5% with the exceptions of Iowa (+6%), Nevada (+8%), and West Virginia (+16%). FY 2009 apportionments totaled approximately \$834 million.

Over the 18 years (FY 1992 through FY 2009) of the TE program, cumulative available funding provided to states stands at \$9.18 billion. The distribution among states is shown in Table 1, page 11. States are typically not authorized to obligate all apportioned funding due to annual Congressionally-mandated limitations on obligations.

Table 1: State TE Program Benchmarks for FY 1992 through FY 2009 (in thousands of dollars)

State	Cumulative Available	Programmed		Obligated		Reimbursed*		Rescinded*	
	FY92-09	FY92-09	Rate	FY92-09	Rate	FY92-09	Rate	FY92-09	Rate
Alabama	\$173,333	\$193,767	112%	\$173,333	100%	\$148,494	86%	\$63,944	27%
Alaska	\$130,671	\$126,161	97%	\$130,671	100%	\$123,495	95%	\$15,667	11%
Arizona	\$203,987	\$172,626	85%	\$150,430	74%	\$132,046	88%	\$7,306	3%
Arkansas	\$108,101	\$98,283	91%	\$97,480	90%	\$95,873	98%	\$42,555	28%
California	\$788,792	\$901,739	114%	\$776,608	98%	\$672,963	87%	\$194,026	20%
Colorado	\$125,695	\$130,956	104%	\$119,558	95%	\$107,672	90%	\$35,078	22%
Connecticut	\$112,076	\$119,283	106%	\$109,335	98%	\$98,473	90%	\$39,332	26%
Delaware	\$55,232	\$47,013	85%	\$54,549	99%	\$48,467	89%	\$1,932	3%
Dist. Of Col.	\$33,603	\$35,581	106%	\$28,756	86%	\$24,544	85%	\$15,008	31%
Florida	\$527,403	\$458,577	87%	\$527,403	100%	\$433,457	82%	\$106,361	17%
Georgia	\$350,562	\$361,469	103%	\$262,279	75%	\$230,698	88%	\$68,941	16%
Hawaii	\$70,647	\$51,258	73%	\$58,863	83%	\$51,341	87%	\$10,180	13%
Idaho	\$56,307	\$47,457	84%	\$56,307	100%	\$51,587	92%	\$21,405	28%
Illinois	\$354,490	\$300,372	85%	\$260,394	73%	\$241,519	93%	\$65,465	16%
Indiana	\$277,826	\$294,760	106%	\$253,868	91%	\$226,913	89%	\$24,356	8%
Iowa	\$140,512	\$180,329	128%	\$134,228	96%	\$117,384	87%	\$9,142	6%
Kansas	\$145,821	\$151,326	104%	\$143,262	98%	\$132,923	93%	\$6,978	5%
Kentucky	\$174,302	\$196,429	113%	\$153,839	88%	\$131,720	86%	\$12,603	7%
Louisiana	\$94,412	\$147,514	156%	\$87,461	93%	\$72,833	83%	\$64,708	41%
Maine	\$47,472	\$45,946	97%	\$47,472	100%	\$44,416	94%	\$9,877	17%
Maryland	\$158,790	\$168,899	106%	\$131,450	83%	\$111,873	85%	\$14,059	8%
Massachusetts	\$151,220	\$85,078	56%	\$62,107	41%	\$45,261	73%	\$33,787	18%
Michigan	\$297,802	\$319,424	107%	\$287,915	97%	\$258,138	90%	\$69,979	19%
Minnesota†	\$192,384	\$229,667	119%	\$186,217	97%	\$172,205	92%	\$27,556	13%
Mississippi	\$131,858	\$126,939	96%	\$107,050	81%	\$92,740	87%	\$14,629	10%
Missouri	\$221,736	\$205,750	93%	\$190,904	86%	\$161,211	84%	\$27,214	11%
Montana	\$94,831	\$60,505	64%	\$69,693	73%	\$60,147	86%	\$2,551	3%
Nebraska	\$77,481	\$84,661	109%	\$64,990	84%	\$59,203	91%	\$22,469	22%
Nevada	\$62,635	\$72,950	116%	\$62,635	100%	\$54,765	87%	\$21,813	26%
New Hampshire	\$55,297	\$71,266	129%	\$53,816	97%	\$47,500	88%	\$5,719	9%
New Jersey	\$190,144	\$135,765	71%	\$155,532	82%	\$136,248	88%	\$49,521	21%
New Mexico	\$88,916	\$99,448	112%	\$84,769	95%	\$70,450	83%	\$26,873	23%
New York	\$369,321	\$411,715	111%	\$288,984	78%	\$237,430	82%	\$63,417	15%
North Carolina	\$265,514	\$253,523	95%	\$248,043	93%	\$224,151	90%	\$68,215	20%
North Dakota	\$64,630	\$55,462	86%	\$63,476	98%	\$57,485	91%	\$11,728	15%
Ohio	\$301,378	\$312,613	104%	\$287,001	95%	\$260,728	91%	\$51,636	15%
Oklahoma	\$150,797	\$147,284	98%	\$135,190	90%	\$118,266	87%	\$49,704	25%
Oregon	\$93,420	\$109,067	117%	\$83,916	90%	\$76,218	91%	\$40,743	30%
Pennsylvania	\$328,902	\$404,405	123%	\$306,778	93%	\$262,742	86%	\$13,368	4%
Rhode Island	\$52,236	\$58,032	111%	\$49,807	95%	\$47,977	96%	\$1,687	3%
South Carolina	\$145,855	\$91,387	63%	\$142,437	98%	\$126,411	89%	\$60,067	29%
South Dakota	\$49,000	\$41,992	86%	\$45,859	94%	\$42,676	93%	\$34,097	41%
Tennessee	\$216,984	\$223,700	103%	\$162,974	75%	\$138,185	85%	\$34,081	14%
Texas	\$649,772	\$580,783	89%	\$494,982	76%	\$427,787	86%	\$278,419	30%
Utah	\$80,365	\$75,269	94%	\$80,365	100%	\$77,612	97%	\$7,683	9%
Vermont	\$50,792	\$51,132	101%	\$43,505	86%	\$38,387	88%	\$1,766	3%
Virginia	\$236,444	\$259,718	110%	\$236,444	100%	\$148,409	63%	\$31,607	12%
Washington†	\$148,067	\$180,157	122%	\$148,059	100%	\$125,687	85%	\$28,476	16%
West Virginia	\$83,554	\$85,046	102%	\$80,710	97%	\$60,090	74%	\$5,248	6%
Wisconsin	\$138,785	\$165,765	119%	\$132,016	95%	\$121,102	92%	\$131,558	49%
Wyoming	\$61,330	\$50,493	82%	\$60,721	99%	\$54,865	90%	\$966	2%
TOTAL	\$9,181,483	\$9,278,742	101%	\$8,174,443	89%	\$7,102,766	87%	\$2,045,499	18%

* Rescission rate is calculated differently than in previous spending reports. The denominator is now Cumulative Available + Rescinded.

† Minnesota and Washington figures have been adjusted for STP Pilot.

‡ Reimbursement rates are calculated from obligated funds.

Programming

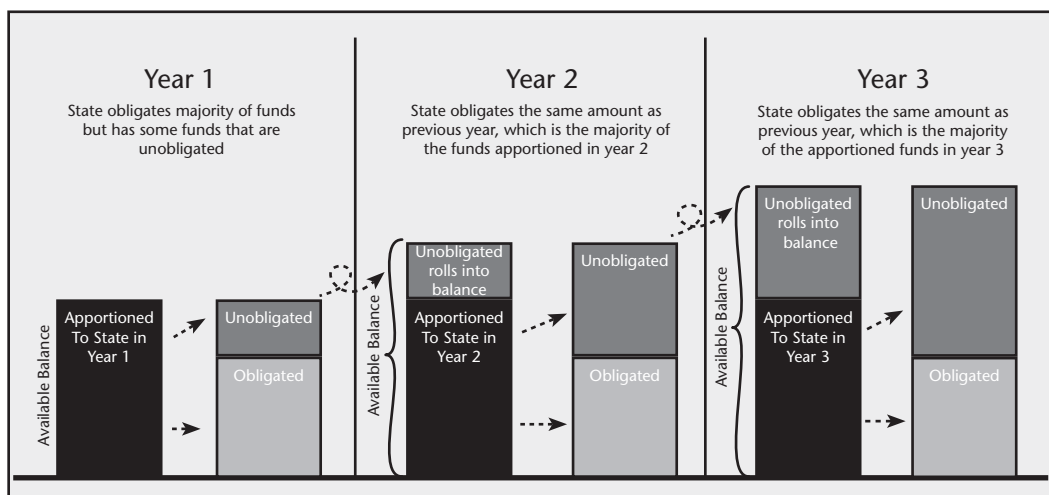
Federal law requires that states add highway projects that will receive Federal-aid funding to the State Transportation Improvement Program (STIP). The STIP is a public document that provides transparency in capital expenditures related to transportation on a 5-year planning horizon. The following section of this report (starting on page 20) is an in-depth analysis of programming data collected from the states.

Obligations: Background

An obligation is a commitment by the federal government to reimburse states for the federal share of a project's eligible costs. Obligation occurs when a formal project agreement is executed between the federal government (through FHWA division offices) and the state. Obligated funding is then committed to a particular project. While considerable time and money may already have been expended planning a project, obligation is what marks the beginning of project costs being eligible for federal reimbursement. State DOTs are required to report obligations to FMIS.

Though funding is apportioned to specific programs by Congress, these apportionments represent only hypothetical maximums. Congress separately distributes annual obligating authority to the states for Federal-aid highway programs as a whole through annual appropriations acts, and states have tremendous flexibility in determining how to spread this authority among transportation programs. This flexibility allows states latitude in meeting needs that arise on a year to year basis. For example, it might be more cost-effective to over-obligate a particular program in a given year in order to finish a complex, large project such as a highway or bridge. The flexibility that allows for over-obligation also allows for under-obligation. The logic behind the flexibility is that over-obligations and under-obligations should balance over time. However, balance is not always reached. Unobligated funding is added to the available balance. Figure 5, below, illustrates the accumulation of TE funding and shows how a state could obligate the same amount every year and run up a large available balance.

Figure 5: How TE Funding Accumulates



A simplified example might help to explain how this relates to the obligation rate. This example can also be used to aid in understanding Table 2 on page 13. The “available balance obligation rate” represents the year’s obligated funding as a percentage of the “available balance”. This shows the extent to which states are expending available resources. This rate is shown for each state from FY 2003 through FY 2009 in Table 2 in the ‘Avail.’ columns. Let’s say that in the first year of the

Table 2: Yearly Obligation Rates by Fiscal Year 2003–2009
(Obligation shown as a % of the available balance and year's apportionment)

State	FY03		FY04		FY05		FY06		FY07		FY08		FY09	
	Avail.	Apport.	Avail.	Apport.	Avail.	Apport.	Avail.	Apport.	Avail.	Apport.	Avail.	Apport.	Avail.	Apport.
Alabama	24%	82%	36%	106%	29%	68%	25%	47%	76%	74%	63%	70%	100%	54%
Alaska	90%	111%	44%	45%	84%	108%	99%	69%	100%	7%	100%	88%	100%	26%
Arizona	21%	95%	31%	115%	31%	111%	27%	95%	14%	50%	22%	82%	14%	51%
Arkansas	75%	206%	6%	6%	19%	27%	37%	31%	24%	37%	15%	31%	-1%	-1%
California	17%	47%	33%	87%	23%	68%	25%	68%	28%	77%	29%	83%	84%	85%
Colorado	34%	109%	20%	52%	17%	57%	24%	70%	7%	21%	7%	25%	77%	167%
Connecticut	16%	44%	30%	57%	13%	20%	36%	42%	88%	88%	35%	35%	42%	22%
Delaware	22%	75%	29%	93%	39%	133%	87%	266%	46%	61%	51%	81%	87%	122%
District of Columbia	100%	217%	-4%	-4%	18%	38%	-121%	-114%	21%	49%	-13%	-37%	25%	50%
Florida	16%	33%	2%	5%	23%	73%	20%	64%	23%	69%	20%	64%	100%	224%
Georgia	52%	159%	9%	18%	3%	10%	4%	14%	9%	40%	11%	53%	16%	51%
Hawaii	55%	346%	10%	32%	7%	29%	0%	0%	34%	163%	8%	34%	3%	9%
Idaho	16%	78%	25%	67%	17%	55%	68%	72%	82%	95%	84%	91%	100%	13%
Illinois	15%	72%	27%	112%	15%	64%	8%	30%	14%	58%	10%	43%	8%	27%
Indiana	33%	107%	39%	104%	15%	40%	33%	105%	28%	76%	46%	130%	43%	79%
Iowa	39%	175%	26%	79%	47%	165%	71%	171%	59%	100%	41%	61%	60%	89%
Kansas	-3%	-5%	4%	10%	35%	120%	50%	159%	74%	166%	81%	129%	76%	78%
Kentucky	47%	118%	52%	95%	69%	133%	-11%	-16%	41%	109%	23%	55%	23%	47%
Louisiana	12%	68%	10%	47%	8%	47%	9%	43%	9%	44%	10%	48%	62%	93%
Maine	6%	25%	20%	65%	12%	49%	22%	104%	42%	128%	76%	200%	100%	128%
Maryland	20%	52%	29%	74%	22%	65%	22%	72%	38%	137%	2%	5%	23%	68%
Massachusetts	6%	44%	8%	50%	1%	10%	3%	25%	-4%	-30%	2%	16%	9%	76%
Michigan	31%	123%	25%	76%	19%	68%	27%	92%	40%	127%	31%	83%	66%	72%
Minnesota	87%	103%	68%	76%	30%	43%	47%	90%	44%	68%	36%	61%	61%	58%
Mississippi	40%	144%	28%	68%	20%	52%	22%	68%	13%	42%	17%	66%	26%	81%
Missouri	34%	121%	32%	91%	14%	42%	18%	60%	17%	64%	32%	120%	41%	106%
Montana	17%	58%	17%	55%	13%	50%	16%	70%	15%	67%	21%	100%	3%	15%
Nebraska	21%	84%	32%	92%	33%	67%	9%	10%	28%	52%	13%	29%	11%	21%
Nevada	24%	108%	16%	58%	27%	120%	18%	67%	41%	105%	22%	49%	100%	68%
New Hampshire	38%	106%	45%	103%	39%	94%	53%	130%	52%	111%	49%	95%	40%	25%
New Jersey	31%	96%	17%	42%	7%	23%	15%	50%	17%	52%	15%	49%	20%	47%
New Mexico	19%	61%	17%	51%	21%	64%	31%	51%	59%	61%	44%	58%	58%	76%
New York	51%	146%	-12%	-24%	6%	20%	10%	43%	19%	89%	3%	16%	15%	50%
North Carolina	37%	95%	37%	84%	22%	53%	22%	52%	44%	100%	10%	21%	43%	57%
North Dakota	31%	98%	20%	55%	25%	86%	36%	108%	64%	86%	45%	61%	80%	105%
Ohio	22%	89%	44%	121%	23%	61%	69%	51%	52%	63%	60%	87%	61%	79%
Oklahoma	53%	105%	38%	56%	34%	66%	21%	35%	-14%	-25%	21%	61%	37%	64%
Oregon	14%	63%	17%	69%	10%	50%	42%	73%	22%	43%	26%	62%	46%	89%
Pennsylvania	22%	101%	26%	90%	35%	120%	44%	142%	37%	100%	66%	172%	49%	77%
Rhode Island	56%	248%	71%	183%	79%	151%	93%	131%	85%	93%	82%	86%	6%	5%
South Carolina	34%	113%	33%	89%	18%	51%	9%	29%	6%	24%	25%	115%	67%	44%
South Dakota	13%	75%	9%	36%	13%	45%	43%	49%	65%	107%	2%	3%	49%	55%
Tennessee	31%	129%	23%	75%	14%	49%	19%	72%	25%	94%	14%	54%	2%	5%
Texas	14%	68%	13%	45%	7%	28%	21%	40%	34%	84%	8%	21%	21%	51%
Utah	14%	48%	17%	55%	30%	106%	97%	253%	97%	106%	94%	86%	100%	105%
Vermont	17%	33%	29%	67%	29%	86%	28%	86%	47%	149%	26%	68%	8%	19%
Virginia	32%	79%	72%	159%	85%	142%	85%	90%	12%	5%	40%	46%	100%	86%
Washington	30%	67%	14%	29%	8%	27%	35%	107%	33%	89%	40%	103%	100%	104%
West Virginia	47%	124%	41%	78%	42%	95%	19%	43%	51%	139%	38%	81%	76%	124%
Wisconsin	15%	89%	14%	69%	12%	64%	21%	51%	22%	29%	12%	23%	54%	42%
Wyoming	98%	102%	61%	63%	63%	88%	80%	122%	91%	118%	56%	63%	87%	106%
TOTAL	26%	91%	23%	66%	19%	61%	23%	65%	26%	71%	22%	64%	38%	74%

Avail. Rate is the percent of the available balance obligated in the fiscal year. Apport. Rate is the percent of the year's apportionment obligated in the fiscal year. Data for both rates is reported by FMIS in the fiscal year shown. A negative rate indicates net de-obligation.

TE program, a state had \$10 million available and obligated \$8 million dollars. Its obligation rate would then be 80% that year. The “available balance obligation rate” equals the year’s obligated funding divided by the available balance.

In future years, however, the cumulative outstanding balance of \$2 million is not erased. It still sits on the books and is available the next year. If a state does not proportionately increase the size of its program to include this unobligated funding, its obligation rate will go down. In the present example, if the state again had a single year \$10 million apportionment and obligated at the same amount as the previous year (\$8 million), the new obligation rate would go down to 66.6% (\$8 million available divided by \$12 million obligated). If this same process continues over the course of 5 years, the state’s obligation rate would go down to 44.4% and leave 10 million dollars on the table. This \$10 million conceptually represents a full year of TE funding. This example, of course, does not take into account the obligation limitation. Its potential impact is discussed in Appendix B.

Another issue not illustrated in Figure 5, which may contribute to a growing available balance, is deobligation. If for some reason a project advances to the stage where funding is obligated, but the project is later canceled, the funding associated with the project is deobligated and returned to the available balance. If a state “cleans out” old, inactive projects from multiple past fiscal years in one current fiscal year, this can cause a state to have a negative yearly obligation rate.

Obligation Rates by Fiscal Year

This report elaborates and analyzes obligation rates in three separate ways. Method one is to compare the cumulative dollar amount obligated to the cumulative available amount. This rate has been the benchmark figure NTEC has reported previously and that FHWA has used to measure the effectiveness of the TE program. This rate is reported nationally and for each state in Table 1, page 11. The national cumulative obligation rate (FY 1992–FY 2009) is 89%.

The second method is to compare the amount obligated in the fiscal year to the fiscal year apportionment, as shown in Table 2, page 13. This rate shows how much of the year’s apportionment has been obligated. NTEC has calculated this rate for each year since FY 2002 using annual FMIS data. This rate shows how the TE programs operate from year to year. This rate can be quite variable between years. It is possible for a state to obligate more than a hundred percent of last year’s apportionment because a state has the ability to obligate previously unobligated funding up to an amount equal to the available balance.

The third method is to compare the amount obligated in the fiscal year to the available balance. The available balance amount is the amount each state has available to obligate. The available balance is the current year’s apportionment amount plus the funding from past years that has not been obligated minus transfers and expired funding. It is illustrated in Figure 7, page 15. NTEC has calculated the rate of annual obligation to available balance for each year since FY 2002 using annual FMIS data, reported by state in Table 2, page 13.

Recent Trends in Obligation

Table 1, page 11, shows that as of September 30, 2009, 89% of all available TE funding (cumulative FY 1992 through FY 2009) had been obligated. This is a substantial increase from FY 2008. However, the increase from FY08 to FY09 is entirely due to the \$995 million in rescissions that occurred in FY09, and not because of increased TE implementation. This rescission reduced the cumulative available amount that is used to calculate the obligation rate (the denominator), thus increasing the percentage of available funding obligated.

Figure 6: TE Funding Obligated Each Fiscal Year 1992-2009

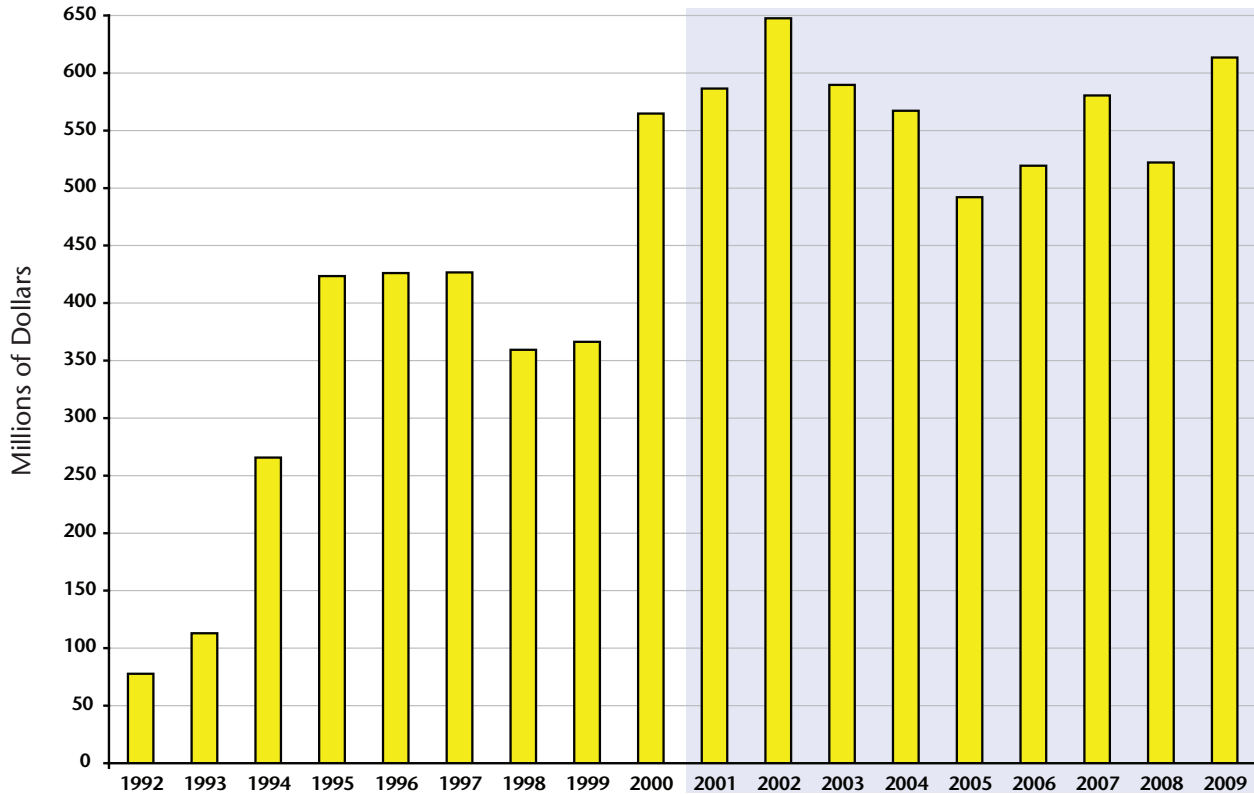
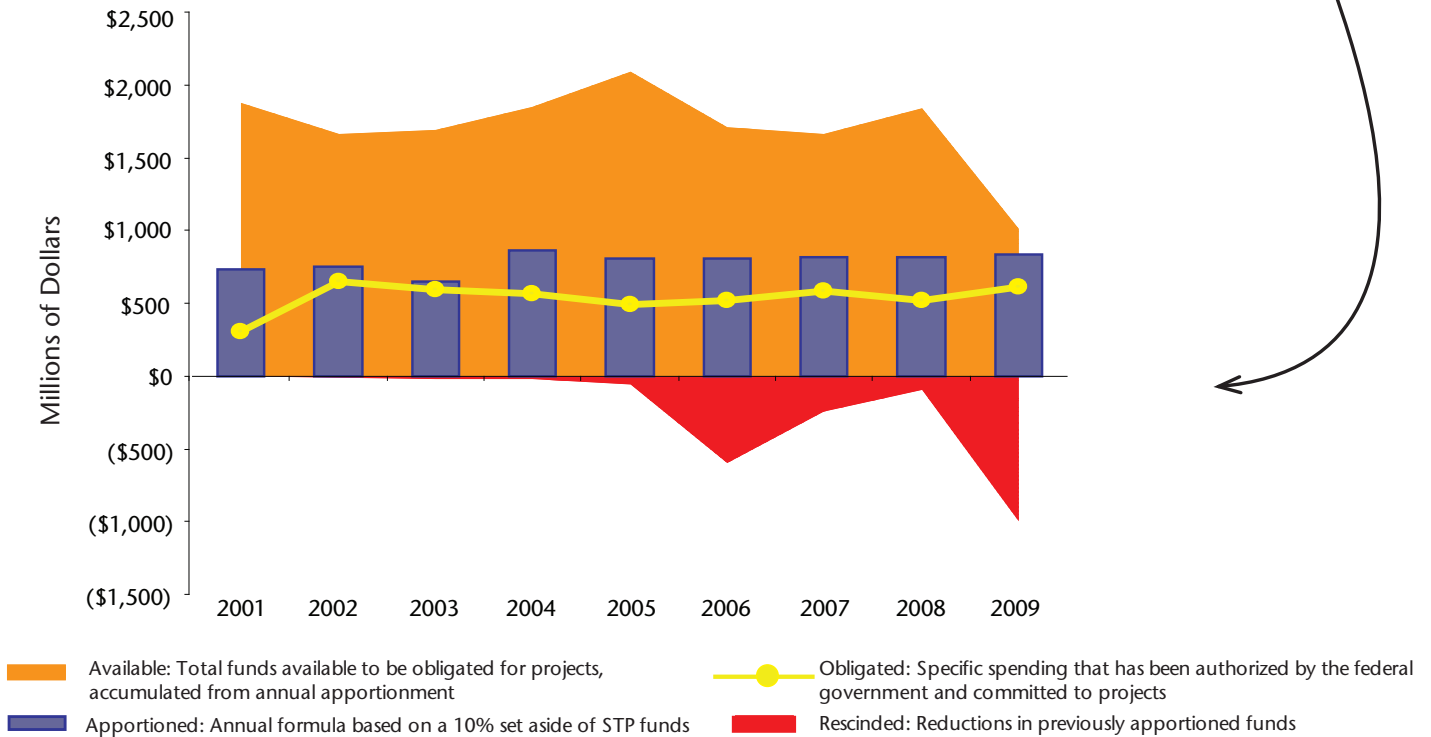


Figure 7: Obligation, Apportionment, Available Balance, & Rescissions for each FY 2001-2009



To see Figure 7 for your state only, please visit <http://www.enhancements.org/Stateprofile.asp>

The cumulative obligation rate combines the past 18 years of the TE program and minimizes changes from year to year. NTEC recognizes that the cumulative obligation rate has been the primary benchmark by which the TE program has been measured. However with such significant changes in the benchmark measurement unrelated to the states' commitment amounts, NTEC has developed additional ways to represent state-level TE program spending.

Table 2, page 13, provides fiscal year obligation rates compared to the amount apportioned that year since 2003. In 2009 the national yearly obligation rate was 73.6%, a major increase from FY 2008 (63.8%), and approaching the FHWA cumulative goal of 75% for the program. This increase may be due to several reasons. With the impending expiration of SAFETEA-LU, some states may have wished to use up remaining funding in anticipation of a fresh authorization. Alternatively, efforts to program and obligate TE projects using ARRA funding may have generated additional worthy project needs in excess of the available ARRA funding, which could be met with historical available balances of TE funding from other authorizations. Figure 6 on page 15 illustrates the actual dollar amounts obligated since 1992.

Figure 7 on page 15 plots the TE program's yearly obligation amount next to the amount apportioned for the year, the available balance and the total amount rescinded. This graph and the accompanying Table 2 (page 13) show the available balance, that is, the amount of money from past years still available to be obligated by the states. This number is the sum of all unobligated funding.

Many states have made great strides in moving their programmed projects to completion and have developed more effective methods for obligating TE funding. For example, Kansas, which in 2003 had a large unobligated balance, has in the last three years obligated more than it was apportioned for each year. This has significantly reduced its unobligated balance. Likewise, Iowa, which had an available balance of over \$30 million in 2001, reduced this balance through modest rescissions and systematic overobligation of TE throughout SAFETEA-LU. The national unobligated balance reached a peak in FY 2005 at over \$2 billion. With the enactment of SAFETEA-LU, this figure declined significantly in both FY 2006 and FY 2007. While the balance grew by 10% in FY 2008, the rescissions of FY 2009 have brought the unobligated balance to its lowest point since NTEC began archiving FMIS data in 2001. A significant portion of this balance will be restored in FY 2010 by the HIRE Act. Both timely reauthorization of the transportation authorization legislation and rigorous continued efforts to implement best practices in TE program management at the state level will help turn the unobligated balance into real TE projects providing manifold benefits to local communities.

Reimbursements

The final stage of TE project funding is reimbursement. The FHWA reimburses states for projects as they are completed. This process can be long and, when projects are stalled or are not separated into phases, can be delayed while the project is implemented. Table 1, on page 11, shows the cumulative reimbursement rate (as a percentage of obligated funding) at the end of FY 2009.

Table 1 shows that the cumulative (1992-2009) reimbursement rate nationally was 86.9%, essentially constant from 2008 (86.5%). Reimbursement rates range across states from a low of 62.8% in Virginia to a high of 98.4% in Arkansas.

Differences in reimbursement rates can be explained a number of ways. A low reimbursement rate, together with a high obligation rate in recent years, could indicate that many TE projects in that state are ongoing. A high reimbursement rate, together with a low obligation rate in recent years, could indicate that few TE projects are implemented but that they are done efficiently. Overall, it is important to understand that reimbursement rates alone are an insufficient benchmark for TE

funding. These statistics can only be properly interpreted in the context of the whole TE funding process, from available to obligated.

Transfers

The Uniform Transferability Provision (23 U.S.C. 126) limits the amount of funding that can be transferred from TE to other Federal-aid highway programs in a given year. States can transfer up to 25% 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 Federal-aid funding (including TE) 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, TE funding that is transferred to FTA must be used for TE-eligible activities.

In FY 2009, twelve states transferred a total of \$57.7 million out of TE and into other programs as allowed by Uniform Transferability Provision. This is a new record high for transfers, topping FY 2006 when \$36.3 million was transferred to the FTA. In contrast, the vast bulk of FY 2009 transfers (\$48 million) were to the National Highway System (NHS) for the construction NHS-eligible projects. Table 6, in Appendix D, on page 33, shows all transfers from TE since FY 2002. Since 2002, \$188 million have been transferred, a slight majority of which has gone to the FTA (\$102 million, or 54%).

The total amount transferred to date, \$188 million, accounts for only 2.05% of cumulative available funding. This very small percentage of available funding does not significantly detract from the funding of TE activities. Furthermore, TE funding transferred to the FTA are used for TE-eligible projects. Funding transferred to the NHS have been used primarily for highway rest areas and associated visitor centers. Funding transferred to the Recreational Trails Program (RTP) have been used for recreational trails and trail-related facilities, administered through a state-resource agency.

Rescissions

Since 2002, Congress has enacted 12 rescissions that have affected the Federal-aid Highway Program. Rescissions are funding removed from apportionments. When funding is removed in this manner, it is no longer counted as apportioned funding: it is as though the apportionment never occurred. While Congress sets the total rescission amount, FHWA calculates the share each state is responsible for based on the original distribution of Federal-aid funding. The states in turn are required to return that funding.

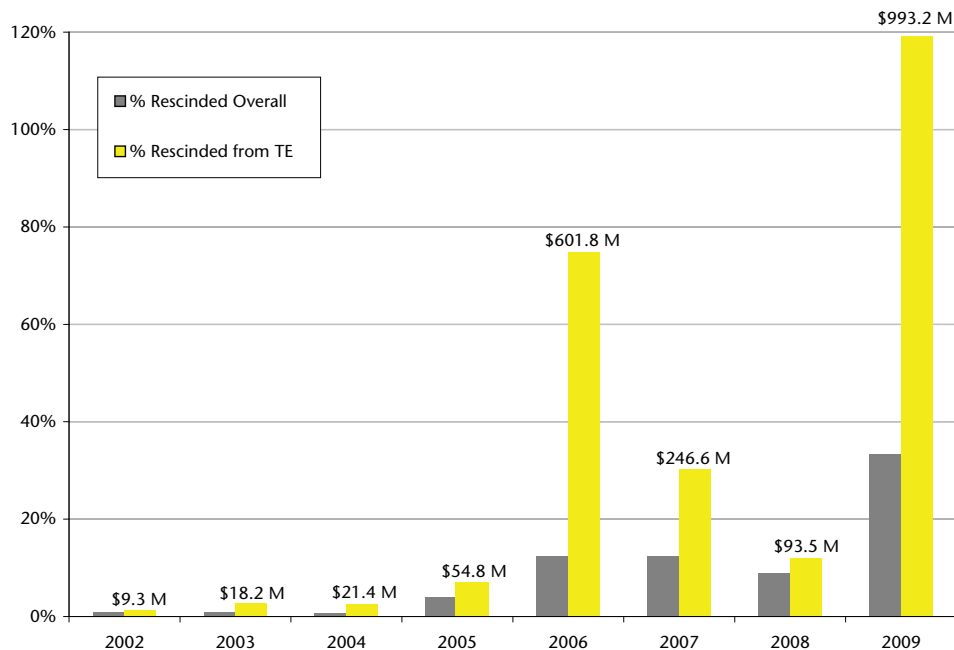
In 2009, \$995 million was rescinded nationally from TE, as shown in Figure 8, below. This is equivalent to a 120% reduction in the 2009 apportionment of TE funding. There were two separate rescissions in FY 2009, and these figures represent the combined total. Together, they represent the largest amount rescinded in any year during the history of the TE program. Table 3 shows each of the two rescissions separately. These figures illustrate the dynamics at work at the state level in responding to rescissions. Of the two rescissions, only the second one (Sept. 30, 2009) was covered by the Energy Independence and Security Act (EISA) of 2007, which required that rescissions be applied to programs proportionally, within a 10% margin. For both rescissions, the shaded percentages indicate that the amount returned exceeded 110% of the proportional amount. Table 3 shows that even when there is a proportionality requirement, other constraints can still result in disproportionate rescissions. However, the proportionality requirement does make a significant difference. Even though the September rescission was more than twice the size of the April rescission, *less* funding was rescinded from TE at that time. Some of this effect may also be due to the fact that some states rescinded their entire unobligated balance with the first rescission (not covered by EISA) in April, and thus had nothing left to rescind from TE in September.

The HIRE Act of March 2010 restored to Federal-aid highway programs an amount of funding equal to the rescission of September 30, 2009. Therefore, the amounts that have been restored to TE as of FY 2010 are shown in the eighth column of Table 3, page 19. This report includes this rescission because although these funds have been restored, the rescission still affected states' ability to obligate TE projects in FY 2009 and FY 2010. Furthermore, no additional obligation authority was provided to the states for FY 2010.

The full history of rescissions by year for each state is shown in Appendix D, Table 7, page 34.

The disproportionate impact of past rescissions has rendered the traditional program measure of cumulative obligation rates for the states less meaningful, as it is the removal of available funding that leads to an increased obligation rate*. For this reason, NTEC provides yearly obligation rates which limit the impact of rescissions on obligation rates to the year it occurred, shown in Table 2, page 13.

Figure 8: Overall FHWA versus TE Rescissions by Fiscal Year



* For an illustration of how rescissions affect obligation rates, please see http://www.fhwa.dot.gov/environment/TE/app_ob_summ.htm

Table 3: FHWA and TE Rescissions for FY 2009 (in thousands of dollars)

State	2009 Apportionment		TE as % of total	Rescission 1		TE as % of total	Rescission 2		TE as % of total
	FHWA	TE		Total from FHWA	Total from TE		Total from FHWA	Total from TE	
Alabama	\$720,168	\$17,310	2%	\$52,585	\$14,204	27%	\$176,091	\$843	0%
Alaska	\$321,926	\$6,645	2%	\$33,965	\$4,886	14%	\$80,939	\$0	0%
Arizona	\$734,703	\$17,378	2%	\$64,592	\$0	0%	\$170,845	\$4,990	3%
Arkansas	\$446,843	\$11,166	2%	\$39,536	\$16,626	42%	\$109,397	\$3,075	3%
California	\$3,252,594	\$74,520	2%	\$293,253	\$107,841	37%	\$795,620	\$42,352	5%
Colorado	\$488,421	\$12,054	2%	\$43,583	\$10,039	23%	\$114,986	\$13,996	12%
Connecticut	\$460,005	\$8,838	2%	\$44,603	\$5,664	13%	\$119,705	\$4,113	3%
Delaware	\$140,606	\$3,691	3%	\$12,296	\$290	2%	\$34,707	\$930	3%
Dist. of Col.	\$136,070	\$3,224	2%	\$12,182	\$5,366	44%	\$34,680	\$1,302	4%
Florida	\$1,853,267	\$50,744	3%	\$161,117	\$35,949	22%	\$444,004	\$24,734	6%
Georgia	\$1,251,861	\$33,604	3%	\$109,108	\$26,024	24%	\$316,986	\$32,994	10%
Hawaii	\$146,372	\$3,701	3%	\$15,345	\$4,000	26%	\$38,648	\$1,097	3%
Idaho	\$267,386	\$5,586	2%	\$24,384	\$1,226	5%	\$65,490	\$4,592	7%
Illinois	\$1,219,875	\$29,204	2%	\$109,422	\$10,677	10%	\$290,642	\$25,476	9%
Indiana	\$933,608	\$22,826	2%	\$84,118	\$87	0%	\$218,596	\$15,060	7%
Iowa	\$415,285	\$10,557	3%	\$36,533	\$0	0%	\$97,803	\$3,656	4%
Kansas	\$352,298	\$10,613	3%	\$29,566	\$0	0%	\$92,068	\$2,847	3%
Kentucky	\$617,844	\$13,276	2%	\$52,477	\$0	0%	\$151,095	\$10,719	7%
Louisiana	\$602,241	\$12,130	2%	\$55,769	\$40,000	72%	\$135,293	\$5,215	4%
Maine	\$152,035	\$3,433	2%	\$12,576	\$0	0%	\$40,356	\$1,178	3%
Maryland	\$560,270	\$12,304	2%	\$50,680	\$8,839	17%	\$140,809	\$3,518	2%
Massachusetts	\$572,403	\$11,918	2%	\$54,648	\$6,894	13%	\$147,529	\$9	0%
Michigan	\$1,005,580	\$26,822	3%	\$85,407	\$25,407	30%	\$263,354	\$21,081	8%
Minnesota	\$568,776	\$16,956	3%	\$47,734	\$13,191	28%	\$133,119	\$6,009	5%
Mississippi	\$421,465	\$10,794	3%	\$36,109	\$0	0%	\$102,967	\$11,133	11%
Missouri	\$829,537	\$19,908	2%	\$74,160	\$2,249	3%	\$202,263	\$16,275	8%
Montana	\$345,429	\$5,991	2%	\$31,910	\$0	0%	\$83,984	\$1,738	2%
Nebraska	\$263,962	\$6,885	3%	\$22,978	\$44	0%	\$64,812	\$6,063	9%
Nevada	\$278,791	\$6,352	2%	\$25,262	\$5,047	20%	\$38,993	\$6,156	16%
New Hampshire	\$158,184	\$3,884	2%	\$14,211	\$2,500	18%	\$41,210	\$2,681	7%
New Jersey	\$934,997	\$18,094	2%	\$88,243	\$19,579	22%	\$233,394	\$5,079	2%
New Mexico	\$337,184	\$7,446	2%	\$30,510	\$705	2%	\$82,535	\$2,191	3%
New York	\$1,566,755	\$28,923	2%	\$145,830	\$24,642	17%	\$408,000	\$34,761	9%
North Carolina	\$1,013,851	\$23,717	2%	\$88,067	\$10,675	12%	\$249,848	\$25,851	10%
North Dakota	\$223,812	\$4,365	2%	\$19,443	\$153	1%	\$54,527	\$1,685	3%
Ohio	\$1,248,349	\$28,455	2%	\$111,197	\$0	0%	\$308,053	\$8,504	3%
Oklahoma	\$547,146	\$14,519	3%	\$47,628	\$17,727	37%	\$136,171	\$5,182	4%
Oregon	\$402,281	\$9,242	2%	\$36,306	\$0	0%	\$98,716	\$6,940	7%
Pennsylvania	\$1,561,502	\$27,996	2%	\$138,715	\$1,014	1%	\$405,750	\$7,895	2%
Rhode Island	\$175,607	\$3,227	2%	\$16,610	\$337	2%	\$44,548	\$932	2%
South Carolina	\$598,930	\$16,051	3%	\$50,911	\$50,911	100%	\$145,726	\$7,026	5%
South Dakota	\$236,034	\$5,415	2%	\$21,083	\$4,202	20%	\$57,913	\$2,539	4%
Tennessee	\$767,298	\$18,677	2%	\$65,679	\$3,677	6%	\$190,620	\$19,941	10%
Texas	\$3,137,306	\$80,254	3%	\$272,403	\$865	0%	\$742,240	\$35,804	5%
Utah	\$281,632	\$6,618	2%	\$25,531	\$0	0%	\$65,065	\$0	0%
Vermont	\$143,869	\$3,197	2%	\$12,128	\$0	0%	\$36,600	\$1,357	4%
Virginia	\$935,776	\$22,267	2%	\$80,341	\$2,583	3%	\$230,472	\$15,916	7%
Washington	\$599,085	\$12,712	2%	\$53,773	\$4,880	9%	\$148,062	\$10,629	7%
West Virginia	\$382,448	\$7,057	2%	\$31,926	\$1,861	6%	\$93,822	\$1,782	2%
Wisconsin	\$703,347	\$19,256	3%	\$61,016	\$30,000	49%	\$171,925	\$5,289	3%
Wyoming	\$233,386	\$3,700	2%	\$22,551	\$0	0%	\$57,022	\$923	2%
TOTAL	\$35,548,397	\$833,503	2%	\$3,150,000	\$520,861	17%	\$8,708,000	\$474,060	5%

Distribution of TE Programming

This section presents major findings from the self-reported programming data collected from each state DOT. NTEC's nationwide list of programmed TE projects enables analysis of states' TE funding priorities across the 12 eligible activities. The funding levels represented in this section are programming numbers, not obligations. These programming numbers are obtained through a voluntary survey of state DOTs.

The Project List

Each year NTEC asks state DOTs to provide information on programmed projects. Programmed projects are those approved to receive TE funding by individual states. As a result, NTEC's database now spans 18 fiscal years of TE programming.

Table 1 (page 11) indicates that the cumulative level of programming for FY 1992 through FY 2009 is \$9.28 billion, which represents 101% of all available funding. This high rate represents the continuing popularity of TE-eligible projects nationwide, with approved projects exceeding the currently available funding.

NTEC's data also shows that 17 states and the District of Columbia have selected projects for future fiscal years. The database now has 462 future-programmed projects worth \$199 million in federal TE funding. The future programming data suggests that there are more requests for project funding than can be accommodated each year. This conclusion is consistent with the fact that the FY 2008 project list contained \$266 million in future programming. Presumably some of this future demand for TE projects was absorbed by the American Recovery and Reinvestment Act.

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 some errors occur because of data reporting problems. For example, for 13 states, NTEC's programming figures are lower than actual obligations. The reasons for this could include:

- Older project data were 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.

Note: Every year as NTEC collects data, major efforts are made to increase the accuracy of the database. For FY 2009, the full database of 26,410 projects was inspected for accuracy in the following attributes: Project TE Activity (1-12), Historic Preservation Subtype, Bicycle/Pedestrian Subtype, and U.S. Congressional District. Classification errors were corrected, and the Congressional Districts of older projects in states that have been redistricted were updated.

Some amount of misclassification is inevitable, because of the interconnected and overlapping nature of the TE Activities. This systematic audit establishes a new baseline of accuracy for the NTEC database that will be maintained in future years. The most frequently misclassified projects were those in activities 2, 3, 4, and 6. Post-correction, the total dollars attributed to these activities in Figure 9 (page 21) have thus declined from FY 2008 to FY 2009. However, the percentages attributed to each of these activities changed as a result of this process by less than 1% for each activity. For the historic preservation and bicycle/pedestrian subtypes, these attributes were missing for many projects. Using project names and descriptions, this missing data was imputed where possible. For the bicycle/pedestrian subtype, over \$1 billion in projects were classified for the first time, greatly expanding the scope and improving the accuracy of Figure 8 on page 23.

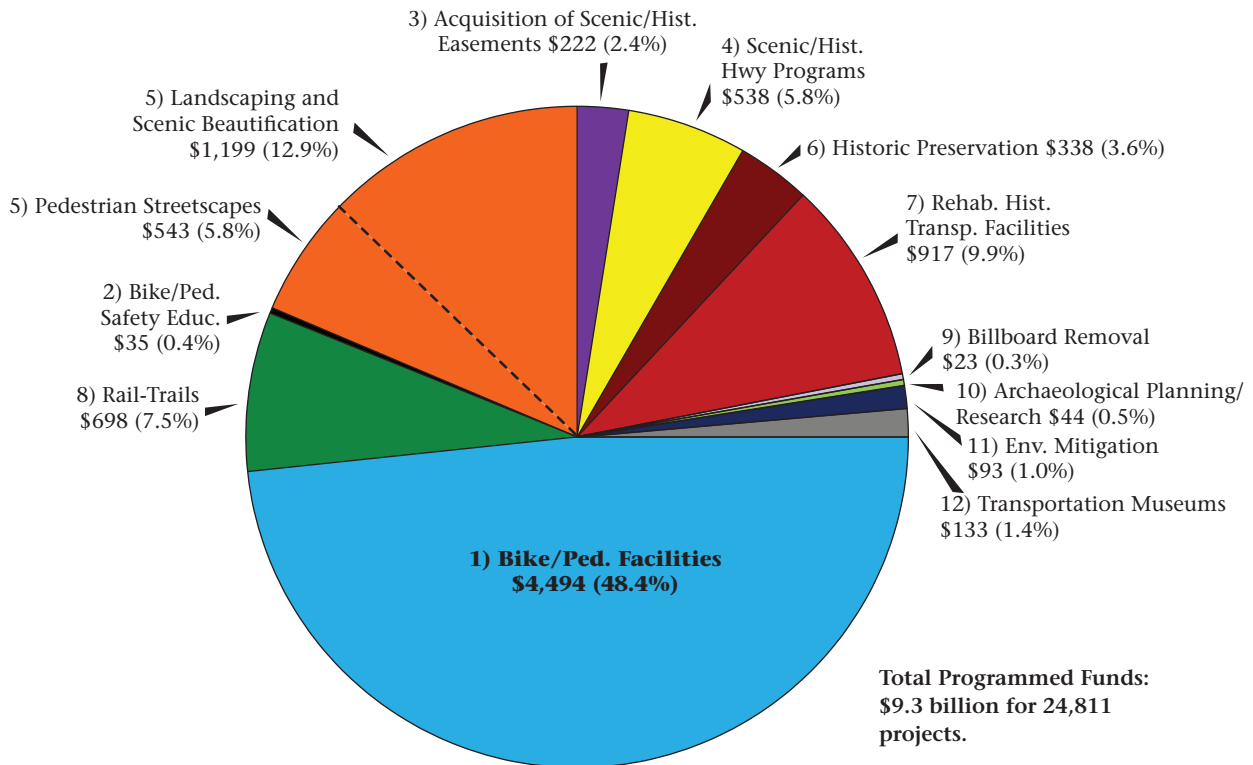
Another issue to note is that 29 states have programming totals that are higher than apportionments. Possible reasons for this include:

- States program more than their apportionments with the expectation that some projects will be dropped or some bids will come in lower than the initial cost estimate;
- Older project data were 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 may be included with current projects; and
- States may combine a TE project with other federal or state funding, but not differentiate these in their data submission to NTEC.

Data Results by Transportation Enhancement Activity

Figure 9, below, illustrates the distribution of funding across all 12 activities for FY 2009. Overall, the percentages have shifted only slightly from previous years. The overall average funding award

Figure 9: Distribution of Federal Funding by TE Activity FY 1992 through FY 2009 (Federal funds in millions)



Project Count for Each Category:

1	2	3	4	5	6	7	8	9	10	11	12
12,529	181	366	1,028	5,387	1,051	2,021	1,355	62	201	347	283

To see Figure 9 for your state only, please visit <http://www.enhancements.org/Stateprofile.asp>

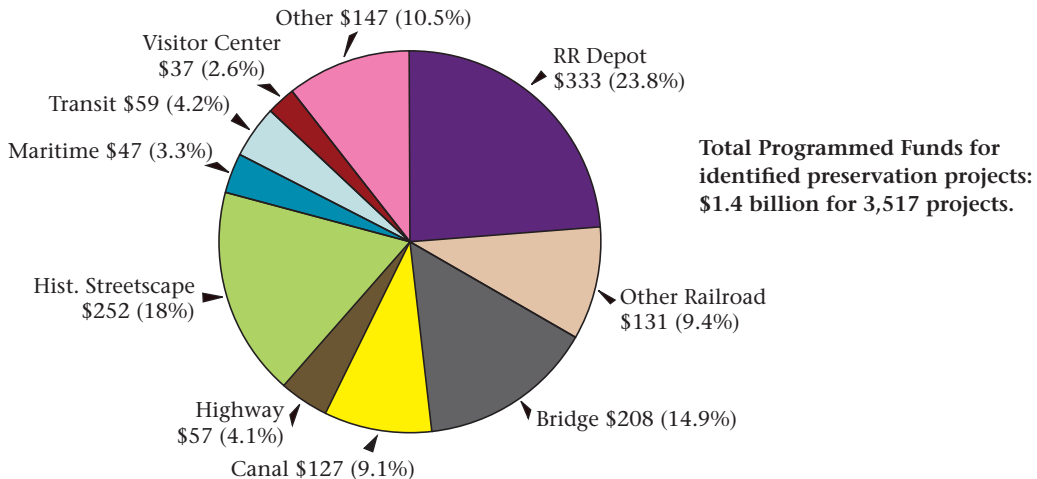
was \$371,931, but there are differences in this statistic across project funding categories. Bicycle and pedestrian facilities (Activity 1) received almost half of all programmed funding at 48.4%, with an average project funding award of \$344,266.

Activity 5, landscaping and scenic beautification, accounts for the second largest slice of funding, 18.8%. 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. In response to the proliferation of this type of TE activity, NTEC has begun tracking a sub-classification of Activity 5 projects to distinguish pedestrian streetscapes from other beautification projects. This division is reflected in Figure 9 below. The average Activity 5 project funding award for a pedestrian streetscape is \$397,495, one-third higher than the average project award for other landscaping projects, \$297,261. This reflects the higher cost of these types of projects, which frequently involve custom paving materials, historic lighting, street furniture, and retrofitting of existing urban infrastructure. The increased value of these investments is precisely why these projects are very popular with local communities for their combined impact on transportation and economic development. Other 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.

Average funding for Activity 4 projects, scenic or historic highway programs, is \$516,655. Over one third of these projects are visitor centers. Many also pertain to restoration of historic highway facilities such as gas stations, stagecoach inns, ferry landings, or other highway-related infrastructure. Activity 4 projects account for less than 6% of all TE funding, however.

Activities 6 and 7, historic preservation and rehabilitation of historic transportation facilities together account for 13.5% of funding. While this percentage has continued to decrease since FY 2000, funding for these categories fills a continuing need and desire in many states to preserve the historic texture and meaning of our local, state, and national transportation infrastructure. These projects include both operational transportation facilities, as well as buildings that relate to surface transportation by enhancing the travel experience, but do not serve primarily as transportation facilities, such as historic hotels. Figure 10, below, illustrates the distribution of TE programmed funding to historic preservation activities (primarily, but not exclusively, funded under categories 6 and 7) roughly categorized by transportation facility types. This figure also includes TE projects outside of activities 6 and 7 that have a strong historic preservation component.

Figure 10: Distribution of Funding Across Projects with Designated Historic Preservation Subtypes from FY 1992 to FY 2009 (Federal Funds in Millions)



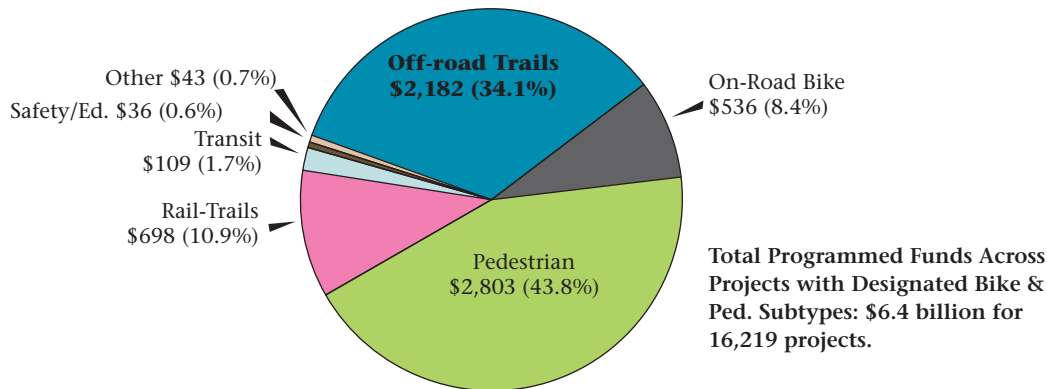
The category labeled ‘Other’ includes schools, city halls, and historic houses and encompasses a significant portion of TE historic preservation projects and funding. However, railroad station/depot preservation and rehabilitation comprises the largest share of the funding in this category. Projects that involve historic streetscapes, bridges, highways, maritime facilities (lighthouses, historic canal boats, docks), canals, transit, and other railroad facilities (locomotives, maintenance shops, and other railroad infrastructure) also receive a substantial amount of TE funding.

Bicycle and Pedestrian Project Subtypes

Bicycle and pedestrian facilities attract the largest percentage share of programmed TE funding. NTEC tracks the funding of project “subtypes” within these activities, based on state DOT project lists. Figure 11 above presents the distribution of federal programmed funding to TE project categories with a strong bicycle and pedestrian component (primarily, but not limited to, TE Activities 1, 2, and 8). A new analysis completed for this 2009 report enables Activity 5 landscaping projects that are pedestrian-oriented streetscapes to be included in this figure. As shown, pedestrian facilities receive the most funding across these categories. Off-road trails account for the second largest share of programmed TE funding, while respectively, rail-trails and on-road bicycle facilities comprise the third and fourth largest shares.

The cumulative amount of TE funding devoted to rail-trails dropped from 14% in FY 1999 to 7.3% in FY 2008, but rose back to 10.9% in FY 2009. This rise is primarily attributed to a systematic

Figure 11: Distribution of Funding across Projects with Designated Bike & Pedestrian Subtypes for FY 1992 through 2009 (Federal Funds in Millions)



search of the database conducted this year to identify rail-trail projects that had previously been misclassified as off-road trails. The average rail-trail project received \$504,407 in TE funding. This figure is significantly larger than funding for the average TE project. Several theories have been proffered to explain the decline in the number of rail-trail projects being initiated over time. Rail-trails are often larger, more complex, and take longer to realize than other types of TE projects. Most of the more straightforward rail-trail projects have already been developed. Those projects that remain may face more complex issues with respect to ownership, valuation, or liability. In addition, the rate of railroad abandonment has decreased across the country as railroads have begun to retain corridors in hopes of restarting service. Nevertheless, many extensions and rails-with-trails projects remain.

Future Programming

Seventeen states and the District of Columbia programmed 462 projects for future years (beyond 2009, excluding ARRA). Bicycle and pedestrian facilities account for 52.2% of future programmed funding, and landscaping projects will receive 27.3%, trending upward from historic programming levels. The percentage of funding programmed for all other types of projects are correspondingly trending slightly lower than their historic programming levels.

While these figures show a shift across TE activities, they should not be interpreted as a prediction of where TE funding will be programmed by all states in the future, since most states did not report future programming. Nonetheless, these numbers provide an interesting glimpse into future funding that has been programmed.

Programmed Federal Awards and Match Rates

NTEC's national project list provides funding information on a project-by-project basis. These data allow NTEC to analyze the average project award in each state. Table 4, page 25, illustrates that as of FY 2009, the average federal project award was \$371,931 nationwide. Average awards by state varied from \$99,367 in Montana to \$1,385,341 in Hawaii.

The Federal-aid Highway Program requires that federal highway funding be matched with funding from other sources. These funds are commonly referred to as the non-federal share of project costs, even if the match came from another federal agency using the TE "innovative financing" provision under 23 U.S.C. 133(e)(5)(C). In general, the funding is provided with a maximum federal share of 80%, necessitating that a minimum of 20% of the funding come from non-federal sources. Some states that have large federal land holdings are provided larger federal shares on a sliding scale. Statutory provisions 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% non-federal share, subject to the sliding scale.

Each state DOT establishes its own guidelines and requirements for providing the non-federal share of project costs. Some 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 correspondingly higher federal share, passes along the "savings" in non-federal share by requiring only a 5.7% match of total project costs by project sponsors. Maryland, on the other hand, requires a 50% match by project sponsors in order to spread the available federal funding 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 (i.e. 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 website, www.enhancements.org/Stateprofile.asp.

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 on page 25 provides information on matching fund levels reported by each state.

In FY 2009, the average national match rate was 29.1%. As in previous years, this rate surpassed the federal share required under 23 U.S.C. 120. Table 4 shows that 38 states had a match rate higher than 20%, and 20 of these states had a rate higher than the national average. 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 funding than required, or the state choosing not to use federally-approved procedures for reducing or eliminating the required non-federal share.

Table 4: Cumulative Programmed Federal Awards and Matching Funds, FY 1992 through FY 2009

State	Project Count	Federal Awards	Avg. Federal Award	Matching Funds	Match Rate*
Alabama	849	\$193,767	\$228	\$48,107	20%
Alaska	262	\$126,161	\$482	\$15,859	11%
Arizona	425	\$172,626	\$406	\$54,329	24%
Arkansas	425	\$98,116	\$231	\$47,400	33%
California	1,367	\$898,824	\$658	\$474,238	35%
Colorado	560	\$125,554	\$224	\$57,185	31%
Connecticut	176	\$119,283	\$678	\$29,821	20%
Delaware	153	\$47,013	\$307	\$40,312	46%
District of Columbia	95	\$35,581	\$375	\$8,955	20%
Florida	1,210	\$445,815	\$368	\$16,576	4%
Georgia	836	\$361,469	\$432	\$99,985	22%
Hawaii	37	\$51,258	\$1,385	\$18,884	27%
Idaho	144	\$47,457	\$330	\$11,688	20%
Illinois	451	\$299,753	\$665	\$79,000	21%
Indiana	543	\$294,933	\$543	\$132,744	31%
Iowa	664	\$179,979	\$271	\$117,556	40%
Kansas	310	\$151,326	\$488	\$87,812	37%
Kentucky	818	\$196,429	\$240	\$59,295	23%
Louisiana	434	\$146,828	\$338	\$23,786	14%
Maine	196	\$45,946	\$234	\$14,509	24%
Maryland	252	\$168,899	\$670	\$247,777	59%
Massachusetts	257	\$85,078	\$331	\$22,682	19%
Michigan	1,253	\$319,424	\$255	\$143,710	31%
Minnesota	488	\$229,667	\$471	\$163,662	42%
Mississippi	249	\$126,939	\$510	\$27,233	18%
Missouri	794	\$204,553	\$258	\$97,912	32%
Montana	606	\$60,216	\$99	\$25,243	30%
Nebraska	605	\$84,487	\$140	\$51,194	38%
Nevada	141	\$72,950	\$517	\$18,893	21%
New Hampshire	226	\$70,340	\$311	\$24,088	26%
New Jersey	361	\$135,045	\$374	\$78,507	37%
New Mexico	375	\$98,998	\$264	\$32,802	25%
New York	544	\$411,715	\$757	\$318,676	44%
North Carolina	902	\$253,523	\$281	\$68,843	21%
North Dakota	244	\$55,462	\$227	\$24,103	30%
Ohio	669	\$312,613	\$467	\$90,796	23%
Oklahoma	388	\$147,284	\$380	\$40,717	22%
Oregon	194	\$103,813	\$535	\$36,797	26%
Pennsylvania	922	\$404,405	\$439	\$58,417	13%
Rhode Island	218	\$58,032	\$266	\$12,462	18%
South Carolina	624	\$91,387	\$146	\$41,532	31%
South Dakota	202	\$41,992	\$208	\$21,585	34%
Tennessee	588	\$223,303	\$380	\$53,621	19%
Texas	489	\$569,343	\$1,164	\$134,091	19%
Utah	179	\$75,269	\$420	\$31,680	8%
Vermont	320	\$52,154	\$163	\$14,948	22%
Virginia	621	\$254,074	\$409	\$299,501	54%
Washington	713	\$177,611	\$249	\$96,361	35%
West Virginia	489	\$85,046	\$174	\$21,291	20%
Wisconsin	606	\$165,765	\$274	\$47,313	22%
Wyoming	337	\$50,473	\$150	\$10,593	17%
TOTAL	24,811	\$9,227,979	\$372	\$3,795,070	29%

* Match rate is calculated from total project funding (Federal and match)

Conclusion

Transportation Enhancement funding continues to be in high demand. Most states report that they can not fund all of the qualified projects and many sponsors are providing larger than the required non-federal share of project costs.

In 2009, the 12 TE-eligible 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. The percentage of historic preservation projects declined slightly while the number of landscaping and scenic beautification projects increased.

In addition to the cumulative obligation rate methodology, NTEC provides two other methods to help clarify spending patterns. The three methods allow for a more complete understanding of TE spending trends.

Cumulative Obligation Rate: FHWA's stated goal for the national cumulative obligation rate of the TE program is at least 75%. This goal was met in FY 2004. This year, the cumulative national obligation rate increased dramatically from FY 2008 to 89%. This increase is primarily due to the effect that rescissions had on reducing balances of unobligated TE funding.

Obligation of Yearly Apportionment: Many states have made clear progress in efficiently implementing TE projects. In 2009, obligations of yearly apportionments rose to 74%.

Obligation of Available Balance: Obligations of available balance increased in 2009 from 22.1% to 38.9%. This increase is largely an artifact of the reduction in the available balance caused by the FY 2009 rescissions. However, there is still a significant accumulation of unobligated funds at the national level, a balance of over \$1 billion. The picture at the state level is more nuanced. Out of 50 states and the District of Columbia, 31 states have unobligated balances of zero or a balance of less than one year's apportionment. In fact, just 9 states receiving only 19% of apportionments in 2009 are responsible for half of the remaining national unobligated balance.

NTEC's analysis of Clearinghouse data shows that States' priorities and management are the keys to TE program success. Between federal appropriation and project reimbursement, the ability of states to select and implement projects shows a great deal of variation. Higher program success correlate with minimal delay between obligation and reimbursement. Four causes seem to contribute to delays: (1) drawn out project selection and review processes, (2) unprepared or inexperienced project sponsors, (3) state procedures for obligating TE projects, and (4) low priority of TE in a state's transportation leadership. States find their programs languishing when obligating authority for TE is scarce or constricted and the DOT has not cultivated an ever-growing community of experienced project sponsors.

It is clear that once projects become obligated, states are committed to completing them and being reimbursed by FHWA. Nationwide, the cumulative reimbursement rate is well above 80%. Unobligated funding, however, means unrealized TE projects. These unrealized projects could bring social, economic, and mobility benefits to communities. More remains to be done to make certain that TE projects are a priority in every state and to bring those remaining states' obligation rates for TE up to the level of other Federal-aid highway programs.

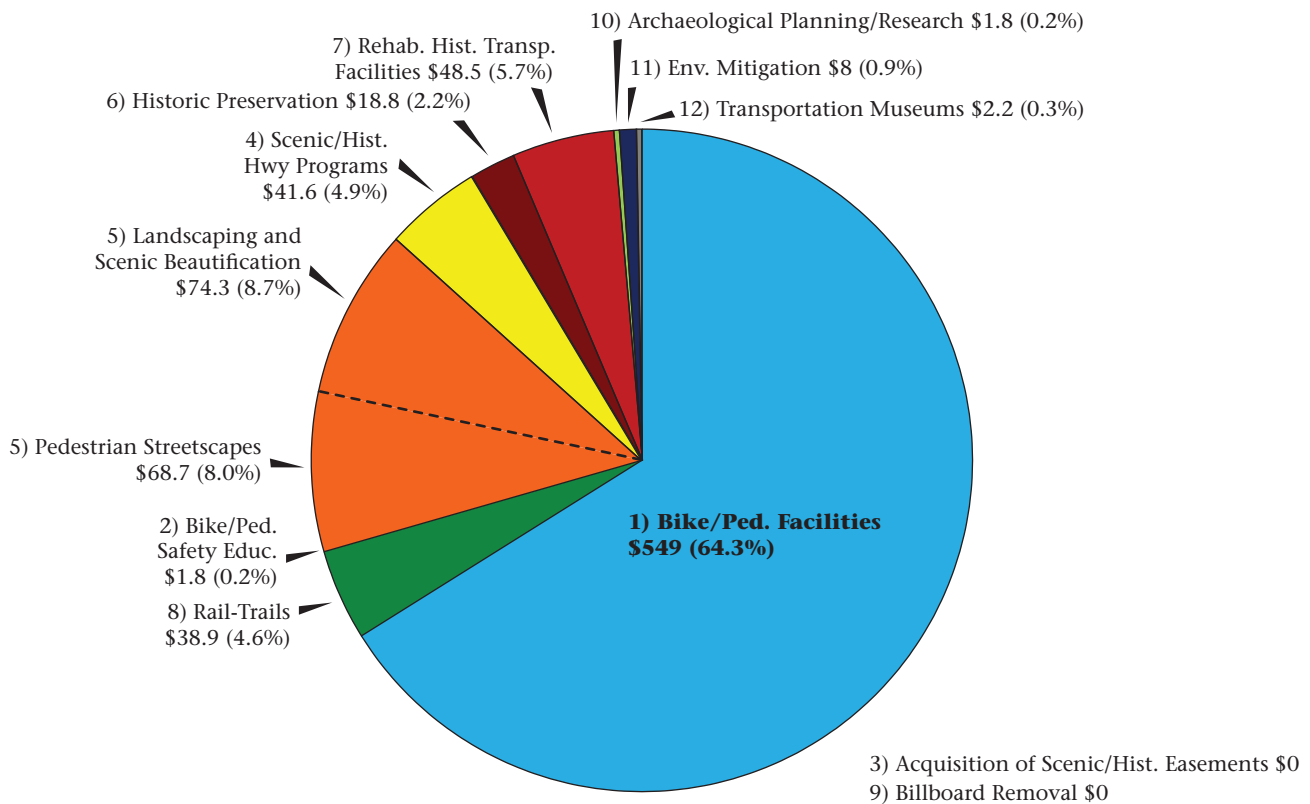
When TEA-21 expired in 2003, funding for highway programs continued through 12 short-term extensions spanning almost two years. These short-term extensions prevented a total shutdown of the Federal-aid Highway Program but disrupted the orderly and predictable flow of funding. Many state DOTs were unwilling to plan for TE projects under these conditions, as reflected in the dip in obligations during the TEA-21 extension period. The TE program is once again in a similar situation. Until a new authorization is enacted, declining obligations and fewer TE projects for local communities is a likely scenario.

Appendix A: Recovery Act TE Funding

The 2009 American Recovery and Reinvestment Act (ARRA) made available \$800 million in Transportation Enhancement (TE) funding. That funding was apportioned to the states on March 2, 2009 with the stipulation that states had 90 days to obligate 50% of the total funding made available to them for the Surface Transportation Program, which included this TE funding. Furthermore, ARRA stipulated that after one year, all unobligated funds would be withdrawn and redistributed to states that had successfully obligated all of their funds. Notably, all states and the District of Columbia successfully met both the 90 day and the one year obligation deadlines, so no funds were redistributed.

The funding made available for TE under ARRA differed in two key ways from other authorizations. First, the STP funding authorization (and hence TE funding) under ARRA allowed the federal share of a project's eligible costs to be up to 100%. States were allowed discretion to establish their own local match requirements, and some states did continue to require the usual 20% match. Reasons cited for this included a desire not to give an unfair windfall to local areas whose projects happened to be "shovel-ready" in 2009 (as opposed to any other year), an attempt to retain the positive benefits associated with local matching funds, such as stakeholder buy-in, and the ability to spread federal funding across a larger number of projects and areas.

Figure 12: Distribution of ARRA Funds by TE Activity (Federal funds in millions)



Project Count for Each Category:

1	2	3	4	5	6	7	8	9	10	11	12	Total
745	1	0	20	251	17	42	38	0	4	13	3	1,134

Appendix A (continued)

Second, ARRA funding was not subject to any obligation limitation, thus removing any incentive for states to obligate TE funds at lower rates than other Federal-aid programs. This fact, combined with the waived local match requirement in most states, meant that 2009 and 2010 were fruitful times for the TE program.

In the 12 month period between March 2, 2009 and March 2, 2010, states selected and obligated 1,134 ARRA projects. Unfortunately, this increase in TE activity coincided with budget shortfalls for many state governments. Staff shortages due to furloughs, hiring freezes, and layoffs meant that for many states, ARRA represented a “perfect storm” of critical deadlines, increased workloads, and reductions in staff.

The ARRA funds also included additional reporting requirements. Many state DOTs turned these requirements into an opportunity to increase the transparency of their transportation planning and construction operations. Some state DOTs created extraordinary new innovations in transparency and e-government. A list of the DOT websites that offer information about ARRA and TE is available on the NTEC website at <http://www.enhancements.org/recovery.asp>. These efforts range from simple lists to searchable online geo-databases. It is too soon to know whether the openness under ARRA will be sustained, but it may have generated a new era of transparency, enabling new forms of participation and accountability for citizens, elected officials at all levels, policy makers, and transportation professionals.

The “Cumulative Available” column of Table 5 reflects the most recent available balances for ARRA TE funds for each state, prior to obligations. The total amount has been reduced to \$790 million from the original \$800 million by transfers, which are included in Table 6 on page 33.

The “Programmed” column in Table 5 is based on self-reported lists of ARRA projects for each state. Where the programming rate exceeds the obligation rate (e.g. Delaware, Louisiana), this may mean that states have chosen to use more than 10% of their STP funds for TE, or that state planners have selected ‘waitlist’ projects. These extra projects represent advance planning for two possibilities. First, as projects are bid on by contractors, the bids may come in lower than the initial cost estimates for some projects. Second, states could not know in advance that every state would successfully obligate 100% of their funds, and extra projects may have been selected in hopes of receiving a redistribution. Where the programming rate is less than the obligation rate (e.g. Colorado, Georgia), this indicates missing programming data.

The obligation rates in Table 5 date from April of 2010, one month after the deadline to obligate 100%. These rates indicate that some funds have been deobligated post-deadline. These funds remain available for reobligation through September 30, 2010.

The reimbursement rates in Table 5 give a sense of the actual pace of ARRA implementation. A low rate for a state indicates that few ARRA TE projects have been completed in a state. Higher rates indicate that work on TE projects is already complete. The dramatic variation among states demonstrates continuing differences in capacity between state TE programs based on staffing, experience, and political factors.

Appendix A (continued)

Table 5: Transportation Enhancements Funds from the American Recovery and Reinvestment Act of 2009 (in thousands of dollars)

State	Cumulative Available	Programmed		Obligated		Reimbursed	
	3/09 - 4/10	3/09 - 4/10	Rate	3/09 - 4/10	Rate*	3/09 - 4/10	Rate
Alabama	\$15,411	\$16,689	108%	\$15,411	100%	\$173	1%
Alaska	\$4,645	\$5,390	116%	\$4,645	100%	\$844	18%
Arizona	\$15,659	\$15,624	100%	\$15,604	100%	\$2,520	16%
Arkansas	\$10,546	\$10,546	100%	\$9,384	89%	\$1,318	14%
California	\$70,317	\$70,317	100%	\$68,354	97%	\$3,033	4%
Colorado	\$12,118	\$9,385	77%	\$12,014	99%	\$4,679	39%
Connecticut	\$9,062	\$9,661	107%	\$8,715	96%	\$1,323	15%
Delaware	\$3,655	\$15,231	417%	\$3,655	100%	\$1,738	48%
Dist. Of Col.	\$3,705	\$3,029	82%	\$3,705	100%	\$0	0%
Florida	\$40,402	\$40,108	99%	\$38,974	96%	\$7,029	18%
Georgia	\$27,948	\$16,409	59%	\$24,045	86%	\$750	3%
Hawaii	\$3,772	\$3,772	100%	\$3,772	100%	\$0	0%
Idaho ‡	\$2,402	\$5,028	209%	\$2,402	100%	\$298	12%
Illinois	\$28,068	\$26,305	94%	\$26,612	95%	\$343	1%
Indiana	\$19,739	\$42,996	218%	\$18,160	92%	\$1,786	10%
Iowa	\$10,745	\$14,243	133%	\$10,745	100%	\$1,095	10%
Kansas	\$10,435	\$10,372	99%	\$9,222	88%	\$234	3%
Kentucky	\$12,633	\$9,745	77%	\$12,633	100%	\$2,888	23%
Louisiana	\$12,896	\$14,202	110%	\$12,896	100%	\$341	3%
Maine	\$3,923	\$3,700	94%	\$3,923	100%	\$3,142	80%
Maryland	\$12,931	\$12,931	100%	\$12,931	100%	\$3,875	30%
Massachusetts	\$13,136	\$12,635	96%	\$13,136	100%	\$1,551	12%
Michigan	\$25,416	\$26,067	103%	\$25,015	98%	\$7,278	29%
Minnesota	\$15,069	\$16,068	107%	\$14,849	99%	\$3,046	21%
Mississippi	\$10,637	\$10,337	97%	\$10,568	99%	\$1,148	11%
Missouri	\$19,114	\$20,209	106%	\$18,329	96%	\$4,991	27%
Montana	\$6,354	\$6,363	100%	\$6,354	100%	\$2,036	32%
Nebraska †	\$3,450	\$2,879	83%	\$2,772	80%	\$60	2%
Nevada	\$6,041	\$5,306	88%	\$6,041	100%	\$2,255	37%
New Hampshire	\$3,883	\$3,883	100%	\$3,883	100%	\$1,728	45%
New Jersey	\$19,553	\$21,407	109%	\$19,553	100%	\$0	0%
New Mexico	\$7,579	\$7,579	100%	\$7,579	100%	\$408	5%
New York	\$33,621	\$33,700	100%	\$33,621	100%	\$1,685	5%
North Carolina	\$22,066	\$26,055	118%	\$21,227	96%	\$3,576	17%
North Dakota	\$5,104	\$5,104	100%	\$4,995	98%	\$1	0%
Ohio	\$28,070	\$28,437	101%	\$27,770	99%	\$133	0%
Oklahoma	\$13,940	\$17,381	125%	\$13,065	94%	\$1,223	9%
Oregon	\$10,017	\$10,021	100%	\$9,917	99%	\$4,140	42%
Pennsylvania	\$30,793	\$34,866	113%	\$30,793	100%	\$17,441	57%
Rhode Island	\$4,113	\$3,800	92%	\$4,113	100%	\$500	12%
South Carolina	\$13,892	\$14,000	101%	\$13,412	97%	\$2,454	18%
South Dakota †	\$9,108	\$8,194	90%	\$9,108	100%	\$236	3%
Tennessee	\$17,181	\$10,279	60%	\$17,181	100%	\$1,721	10%
Texas	\$67,500	\$97,111	144%	\$66,702	99%	\$14,781	22%
Utah	\$6,406	\$7,636	119%	\$5,563	87%	\$4,403	79%
Vermont	\$3,774	\$4,114	109%	\$3,774	100%	\$208	6%
Virginia	\$20,834	\$20,834	100%	\$20,834	100%	\$0	0%
Washington	\$14,767	\$14,763	100%	\$14,763	100%	\$3,037	21%
West Virginia	\$6,326	\$6,246	99%	\$6,326	100%	\$0	0%
Wisconsin	\$15,873	\$18,622	117%	\$15,873	100%	\$2,815	18%
Wyoming	\$4,728	\$4,604	97%	\$4,728	100%	\$1,647	35%
Total	\$789,355	\$854,184	108%	\$769,644	98%	\$121,912	16%

* This rate was 100% for every state on March 2, 2010. Please see page 28 for more information.
† \$3,617,183 was transferred from Nebraska to South Dakota for the Yankton Meridian Bridge project.
‡ Programmed amount includes a \$2,626,000 transfer to the Federal Transit Administration.

Appendix B: TE Obligations Explained

Obligation Limitation

Along with annual apportionments, Congress sets a limitation on obligations for that year to control annual federal expenditures of the Federal-aid Highway Program. Obligation authority is then distributed among the states. Obligation limitation is a requirement applied to the entire Federal-aid Highway Program. Though simplified for this report, the nature of the limitation is one of macro proportions, and is not tracked by FHWA at the level of programs such as TE. Within the state's overall limitation, each state has discretion to choose how to use funding among the various Federal-aid 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 this funding may be accessible in a given year. For example, in FY 2009 Congress imposed an overall obligation limitation such that only approximately 85% of total apportionments nationwide could be obligated. This figure does not give the full picture for FY 2009 because obligating authority was redistributed among the states after August 1 in anticipation of the expiration of SAFETEA-LU. Many state DOTs cite obligation limitation for restricting TE programs. That said, the DOTs are largely responsible (23 U.S.C. 145) for how they distribute the limitation among Federal-aid programs.

Some state DOTs evenly distribute the obligation limitation across all programs, while other DOTs place lower limitations on some programs. Some state TE managers have reported that in their state's DOT TE is considered a lower priority. Limitations on obligations should be kept in mind as this report discusses TE obligation rates. The cumulative obligation rate and the rate of the year's apportionment obligation are calculated without considering obligation limitations.

Interpreting Obligation Rates

Obligation rates are suited to track changes at the national and state level over time. However, comparisons across states need to consider several factors that can affect obligation rates. Low obligation rates do not necessarily reflect a low commitment to TE by a state. Obligation rates are best explained in terms of state-specific policies and procedures for implementing TE projects.

There are several factors that can lead to low obligation rates:

Alternate funding. There are many TE-eligible projects being funded from federal, state, and local sources other than TE. At the federal level alone, projects may be funded by area-suballocated Surface Transportation Program funding, Safe Routes to School, or the Congestion Mitigation and Air Quality Improvement Program.

Obligation limitation. Congress, in its annual appropriations acts, sets the annual obligation limitation for the overall amount of Federal-aid highway funding that can be obligated. FHWA informs the states of these limits and monitors for compliance. State DOTs choose how they will manage the required obligation limitation across their programs at their discretion.

Accounting practices. State procedures for obligating projects and varying accounting practices impact the obligation rate. Some states obligate project funding 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.

Level of design detail and environmental review. Some DOTs reportedly treat TE projects more like 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 recommendation that encourages a streamlined approach. Such strict requirements slow down the

Appendix B (continued)

implementation of projects, thus creating a barrier between the programming and obligation stages.

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. States do not obligate funding when expected due to delays resulting from inaccurate cost estimates, the inability to raise matching funding, 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.

Right-of-way acquisition. Some states have faced costly legal actions due to right-of-way issues and have subsequently adopted more stringent requirements. To combat this problem, some states require applicants to obtain a written right-of-way agreement prior to project selection.

Appendix C: Glossary

Apportionments are the funds distributed among the states as prescribed by statutory formula. Transportation Enhancement funds represent a minimum 10% set aside of each state's Surface Transportation Program (STP) funds, plus 10% of the portion of Equity Bonus Program 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 eligible 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). 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.

Rescissions are funds removed from apportionments, by Act of Congress. When funds are removed in this manner, they are no longer counted as apportioned funds: it's as though they never occurred. While Congress sets the total rescission amount, FHWA calculates the share each state is responsible for based on the original distribution of Federal-aid funds. The states in turn are required to return those funds. In the past, states had discretion over how to assign the rescissions among their Federal-aid programs. For the FY 2008 rescission, the 2007 Energy Independence and Security Act required that states distribute the rescission proportionately over their Federal-aid programs, within a margin of 10%. Funds equal to the amount of the September 30, 2009 rescission have been restored to the states for FY 2010 by the Hiring Incentives to Restore Employment Act of 2010.

Transfers indicate the amounts of money transferred from the TE program to other transportation programs. The Uniform Transferability Provision (23 U.S.C. 126) 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% 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.

Table 6: Transfers of TE Funds (in thousands of dollars to Federal Transit Administration, National Highway System, and Recreational Trails Program)

STATE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total TE Funds Transferred FY2002-09
California	\$2,677(FTA)	\$7,883(FTA)	\$4,561(FTA)	\$3,426(FTA)	\$476(FTA)	\$8,204(FTA)	\$1,352(FTA)	\$229(FTA)	\$28,808
Colorado	\$257(FTA)	\$325(FTA)	\$28(FTA)	\$227(FTA)		\$197(FTA)	\$179(FTA)	\$504(FTA)	\$1,717
Connecticut						\$1,680(FTA)			\$1,680
Florida	\$168(FTA)			\$500(FTA)	\$600(FTA)	\$432(FTA)	\$300(FTA)		\$2,000
Georgia								\$20,025(NHS)	\$20,025
Louisiana							\$7,201(NHS)		\$7,201
Michigan	\$186(FTA)				\$1,392(FTA)	\$74(FTA)	\$49(FTA)	\$529(FTA)	\$4,700
							\$2,470(NHS)		
Missouri	\$295(FTA)	\$1,563(FTA)					\$78(FTA)		\$4,063
	\$1,340(NHS)	\$787(NHS)							
Nevada							\$380(NHS)	\$1,082(NHS)	\$1,462
New Jersey		\$1,000(FTA)	\$1,000(FTA)		\$1,000(FTA)	\$1,850(FTA)	\$1,000(FTA)	\$1,000(FTA)	\$6,850
New York		\$980(FTA)				\$2,000(FTA)	\$2,000(FTA)	\$3,489(FTA)	\$8,469
North Carolina								\$1,700(NHS)	\$1,700
Ohio	\$196(FTA)		\$185(FTA)	\$326(FTA)	\$31,809(FTA)				\$32,515
Oregon								\$625(RTP)	\$625
Pennsylvania			\$640(FTA)	\$40(FTA)		\$1,422(FTA)			\$2,102
Rhode Island		\$89(FTA)							\$89
Tennessee	\$791(RTP)	\$226(RTP)				\$100(RTP)	\$278(RTP)		\$1,394
Texas	\$2,752(FTA)		\$1,805(FTA)	\$180(NHS)				\$24,884(NHS)	\$35,318
			\$5,697(NHS)						
Vermont		\$311(FTA)							\$311
Virginia	\$6,351(NHS)					\$10,428(NHS)	\$2,035(NHS)	\$160(FTA)	\$18,974
Washington	\$1,232(FTA)				\$1,044(FTA)	\$1,465(FTA)	\$1,038(FTA)	\$3,500(FTA)	\$8,279
Wisconsin						\$34(FTA)			\$34
Subtotals									
to FTA	\$7,764	\$12,150	\$8,219	\$4,518	\$36,321	\$17,359	\$5,996	\$9,410	\$101,736
to NHS	\$7,691	\$787	\$5,697	\$180		\$10,428	\$12,087	\$47,691	\$84,561
to Rec Trails	\$791	\$226				\$100	\$278	\$625	\$2,019
Total	\$16,245	\$13,163	\$13,916	\$4,698	\$36,321	\$27,886	\$18,360	\$57,727	\$188,316

Table 7: Yearly Rescissions to TE by state (in thousands of dollars)

*This percentage shows the proportion of the rescission taken from TE over the total rescission taken from the state in the given fiscal year. When a cell is blank, the state did not rescind any TE funds in that fiscal year, and the funds required to be returned to FHWA must have been rescinded from other Federal-aid programs. If the percentage column shows 100%, the entire rescission for that year was taken from TE. The first row of the table shows the size of the TE Program nationally relative to the Federal-aid Highway Program as a whole, for reference. This table shows that in 2002 and 2009, FHWA required rescissions to be proportionately administered among all Federal-aid programs, and so the statistic shown in the percentage columns for those years is roughly equivalent to the size of the TE program relative to the Federal-aid Highway Program as a whole in that fiscal year.

State	2002	%*	2003	%*	2004	%*	2005	%*	2006	%*	2007	%*	2008	%*	2009	%*	Total
Alabama	\$189	3%					\$8,102	35%	\$13,186	18%	\$25,225	31%	\$2,195	4%	\$13,361	6%	\$62,257
Alaska	\$94	3%					\$728	7%	\$3,001	10%	\$6,220	18%	\$738	2%	\$4,886	4%	\$15,667
Arizona	\$178	3%											\$2,138	3%	\$4,990	2%	\$7,306
Arkansas	\$132	3%			\$61	2%	\$7,000	45%	\$14,245	29%			\$1,416	4%	\$19,701	13%	\$42,555
California	\$848	3%							\$23,862	7%	\$9,675	2%	\$9,448	3%	\$150,193	14%	\$194,026
Colorado	\$134	3%							\$9,414	18%		0%	\$1,494	3%	\$24,036	15%	\$35,078
Connecticut	\$103	2%	\$3,410	100%	\$2,810	100%	\$7,144	42%	\$9,967	18%	\$5,000	8%	\$1,121	2%	\$9,778	6%	\$39,332
Delaware	\$45	3%									\$257	1%	\$410	3%	\$1,220	3%	\$1,932
Dist. Of Col.	\$39	3%							\$5,655	31%	\$2,281	12%	\$365	3%	\$6,668	14%	\$15,008
Florida	\$496	3%	\$838	7%					\$10,809	6%	\$27,327	13%	\$6,207	4%	\$60,683	10%	\$106,361
Georgia	\$369	3%									\$5,682	4%	\$3,873	3%	\$59,018	14%	\$68,941
Hawaii	\$46	3%							\$3,067	17%	\$1,500	8%	\$469	3%	\$5,097	9%	\$10,180
Idaho	\$63	3%							\$13,857	50%	\$971	3%	\$696	3%	\$5,818	6%	\$21,405
Illinois	\$313	3%					\$4,426	10%	\$14,168	11%	\$6,784	5%	\$3,621	3%	\$36,153	9%	\$65,465
Indiana	\$245	3%							\$83	0%	\$6,016	5%	\$2,865	3%	\$15,147	5%	\$24,356
Iowa	\$120	3%							\$4,218	9%			\$1,148	3%	\$3,656	3%	\$9,142
Kansas	\$131	3%									\$4,000	8%			\$2,847	2%	\$6,978
Kentucky	\$154	3%	\$257	6%									\$1,473	3%	\$10,719	5%	\$12,603
Louisiana	\$141	3%							\$17,630	28%	\$401	1%	\$1,320	3%	\$45,215	24%	\$64,708
Maine	\$48	3%	\$1,376	100%	\$1,151	100%					\$5,689	28%	\$435	3%	\$1,178	2%	\$9,877
Maryland	\$142	3%											\$1,560	3%	\$12,357	6%	\$14,059
Massachusetts	\$146	2%									\$25,228	32%	\$1,511	3%	\$6,902	3%	\$33,787
Michigan	\$341	3%							\$12,750	11%	\$7,000	5%	\$3,400	4%	\$46,488	13%	\$69,979
Minnesota	\$172	4%									\$6,052	9%	\$2,132	4%	\$19,200	11%	\$27,556

Table 7 (continued): Yearly Rescissions to TE (in thousands of dollars)

State	2002	%*	2003	%*	2004	%*	2005	%*	2006	%*	2007	%*	2008	%*	2009	%*	Total
Mississippi	\$130	3%					\$2,016	13%					\$1,349	4%	\$11,133	8%	\$14,629
Missouri	\$217	3%					\$833	3%	\$2,701	3%	\$2,692	3%	\$2,247	3%	\$18,524	7%	\$27,214
Montana	\$71	2%											\$742	2%	\$1,738	1%	\$2,551
Nebraska	\$84	3%					\$6,735	63%	\$8,004	26%	\$1,000	3%	\$539	2%	\$6,107	7%	\$22,469
Nevada	\$66	3%							\$3,000	12%	\$6,803	22%	\$741	3%	\$11,204	17%	\$21,813
New Hampshire	\$46	3%											\$492	3%	\$5,181	9%	\$5,719
New Jersey	\$192	2%							\$10,659	10%	\$11,751	10%	\$2,260	3%	\$24,658	8%	\$49,521
New Mexico	\$83	3%					\$3,230	28%	\$11,992	32%	\$7,840	19%	\$834	3%	\$2,895	3%	\$26,873
New York	\$347	2%											\$3,667	2%	\$59,403	11%	\$63,417
North Carolina	\$274	3%	\$1,352	20%					\$13,531	13%	\$13,536	11%	\$2,995	3%	\$36,526	11%	\$68,215
North Dakota	\$56	3%							\$2,280	9%	\$7,000	25%	\$553	3%	\$1,838	2%	\$11,728
Ohio	\$317	3%			\$6,898	100%			\$32,000	23%	\$276	0%	\$3,641	3%	\$8,504	2%	\$51,636
Oklahoma	\$163	3%	\$4,248	100%	\$3,543	100%			\$9,000	14%	\$8,000	12%	\$1,841	4%	\$22,909	12%	\$49,704
Oregon	\$115	3%							\$32,646	69%			\$1,042	3%	\$6,940	5%	\$40,743
Pennsylvania	\$314	2%									\$918	0%	\$3,227	2%	\$8,909	2%	\$13,368
Rhode Island	\$46	2%											\$372	2%	\$1,269	2%	\$1,687
South Carolina	\$176	3%											\$1,953	4%	\$57,938	29%	\$60,067
South Dakota	\$63	3%	\$1,772	100%	\$1,445	100%	\$8,450	100%	\$14,963	57%			\$664	3%	\$6,741	9%	\$34,097
Tennessee	\$208	3%	\$161	3%	\$133	3%	\$913	4%	\$3,187	4%	\$3,724	4%	\$2,138	3%	\$23,618	9%	\$34,081
Texas	\$821	3%			\$5,340	33%	\$3,755	4%	\$222,951	73%	\$114	0%	\$8,767	3%	\$36,669	4%	\$278,419
Utah	\$69	3%					\$1,504	14%	\$5,400	19%			\$710	3%			\$7,683
Vermont	\$44	3%											\$365	3%	\$1,357	3%	\$1,766
Virginia	\$257	3%							\$4,075	4%	\$6,219	5%	\$2,556	3%	\$18,499	6%	\$31,607
Washington	\$166	3%							\$9,434	13%	\$1,795	2%	\$1,573	3%	\$15,509	8%	\$28,476
West Virginia	\$71	3%									\$764	2%	\$770	3%	\$3,643	3%	\$5,248
Wisconsin	\$215	3%	\$4,803	100%					\$60,027	82%	\$28,834	34%	\$2,390	4%	\$35,289	15%	\$131,558
Wyoming	\$43	2%													\$923	1%	\$966
Total	\$9,346		\$18,218		\$21,381		\$54,836		\$601,763		\$246,574		\$98,461		\$993,235		\$2,043,813
TE as a % of Federal-aid		2%		2%		3%		3%		3%		2%		2%		2%	

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NTEC Resources

National Transportation Enhancements Clearinghouse (NTEC)

The National Transportation Enhancements Clearinghouse (NTEC) is funded in equal parts by Rails-to-Trails Conservancy and the Federal Highway Administration and exists to increase knowledge of the Transportation Enhancements program. NTEC provides free services to professionals, policy makers, agencies, the media, and the public.

Available Resources and Expertise:

- Website with project examples, searchable project database, contact information for TE professionals in each state, and downloadable documents: www.enhancements.org.
- State Transportation Enhancement Program Profiles outlining project nomination, selection, and funding procedures for each state.
- Photo Library providing high resolution images of TE projects from around the nation with background on the specific project and its location.
- Documents (including this report), guidebooks, reports, and manuals related to Transportation Enhancements in PDF and/or print format, all free of charge. Documents include:
 - **Enhancing America's Communities: A Guide to TE**
This 40-page brochure covers the history of the TE program, how TE funds are distributed, and the project development process. It also provides fifteen case studies of outstanding TE projects across the country.
 - **Communities Benefit! The Economic and Social Benefits of Transportation Enhancements**
This full-color pamphlet showcases ten outstanding Transportation Enhancement projects from around the country, highlighting economic and social impacts on local communities.
 - **FHWA Guidance on Transportation Enhancements**
This technical document guides states in the proper implementation of the TE program, and includes information on eligibility, environmental review, real estate acquisition, and more. NTEC staff can also provide answers to specific questions concerning the Guidance. The document includes ten previous FHWA Guidance Memoranda that remain valid as appendices.
 - **Financing Federal-Aid Highways**
This technical report follows the financial process from inception in an authorization act to payment from the Highway Trust Fund (HTF), and includes discussion of the congressional and Federal agency actions that occur throughout.

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