



8 March 2012

*Transportation Facts, Figures, and Findings: A Review of State Legislatures and DOTs*  
Joung Lee, AASHTO, and Jaime Rall, National Conference of State Legislatures



NCSL



**AASHTO**  
CENTER FOR EXCELLENCE IN PROJECT  
**FINANCE**

Expertise. Research. Consulting.

# Transportation Facts, Figures and Findings: A Review of State Legislatures and DOTs

*Transportation Librarians Roundtable  
March 8, 2012*

**Joung Lee**, *Deputy Director, AASHTO Center for Excellence in Project Finance*

**Jaime Rall**, *Policy Specialist, National Conference of State Legislatures (NCSL)*

# Presentation Goals

- ▶ **Review the NCSL–AASHTO project and its findings on how state legislatures and DOTs govern and pay for transportation systems**
- ▶ **Explore the successes and challenges of the data collection and analysis process**
- ▶ **Consider opportunities for collaboration with the transportation librarian and information management community**
- ▶ **Q&A**



Joung Lee, AASHTO



Jaime Rall, NCSL

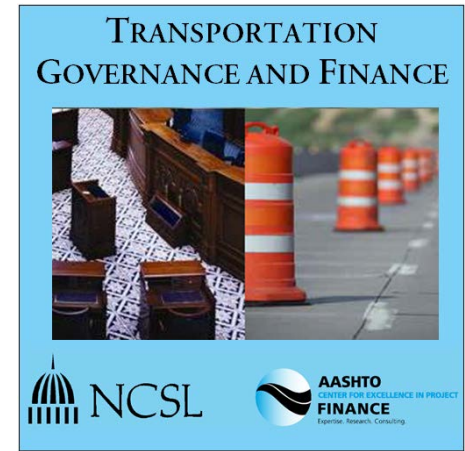
# NCSL–AASHTO Project Team

- ▶ **AASHTO Center for Excellence in Project Finance**
  - Supports state DOTs with finance plans and oversight tools
  - Offers training and state-of-the-art finance methods to advance transportation projects and leverage funding
  - Provides professional education, research services, technical assistance and information dissemination
- ▶ **National Conference of State Legislatures (NCSL)**
  - Bipartisan organization and an instrumentality of the states
  - Serves 7,382 state legislators and 30,000+ legislative staff
  - Provides research, testimony, technical assistance and opportunities for policymakers to exchange ideas
  - Nationally recognized as a leader in state policy issues
- ▶ **NCSL–AASHTO Joint Project Oversight Committee**
  - 28 DOT and legislative leaders from 19 states



# NCSL–AASHTO Project Overview

- ▶ **Project goal:** To fill a knowledge gap about transportation governance and finance, especially interactions between state legislatures and state DOTs.
- ▶ **Methodology:** 13 months; based on original survey data from 50 states, D.C. and P.R. about state facts and leaders' opinions.
- ▶ **Final report (released June 2011):** Includes nationwide synthesis of state approaches, plus state–by–state profiles.



Full report available online at  
<http://www.ncsl.org/?tabid=19117> and  
<http://www.transportation-finance.org>



# Data Collection and Analysis: More Methodology Details

## ▶ Four surveys

- Survey 1: **Descriptive (fact-based), in-depth** (funding and finance), distributed initially to legislative budget officers
- Survey 2: **Descriptive (fact-based), in-depth** (executive-legislative roles), distributed initially to legislative research offices and DOT legislative liaisons
- Survey 3: **Normative (opinion-based), anonymous** (DOT and legislative perspectives on each other and state approaches): distributed to state legislators and DOT executives only
- Survey 4: **Descriptive (fact-based), brief questionnaire** (program evaluations and audits): distributed to the National Legislative Program Evaluation Society (NLPES) only

- ## ▶ Also: Legislative/legal research; literature review; expert interviews; other supplemental research



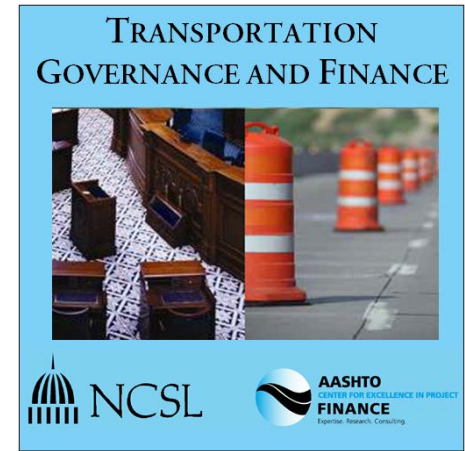
# NCSL–AASHTO Project Overview

## ▶ What are some key takeaways?

- The U.S. system of separation of powers necessarily results in areas of overlap and tension, but also opportunities for dialogue and collaboration
- There is no "one size fits all" for state transportation decision-making; each state approach is complex and unique

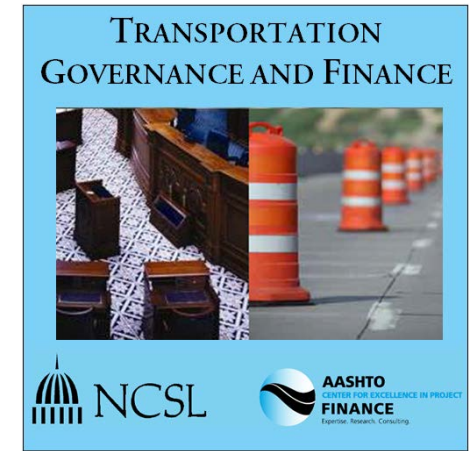
## ▶ What does the report NOT do?

- The report offers tools and options, but does not "rank" states or advise states on which approaches to adopt



# NCSL–AASHTO Project Overview

- ▶ **Topic areas covered**
  - Governance and oversight
  - Funding and finance
  - Communication and collaboration



We will walk through key findings in each topic area to demonstrate the project's scope and the kind of data we collected and analyzed.





# Key Findings:

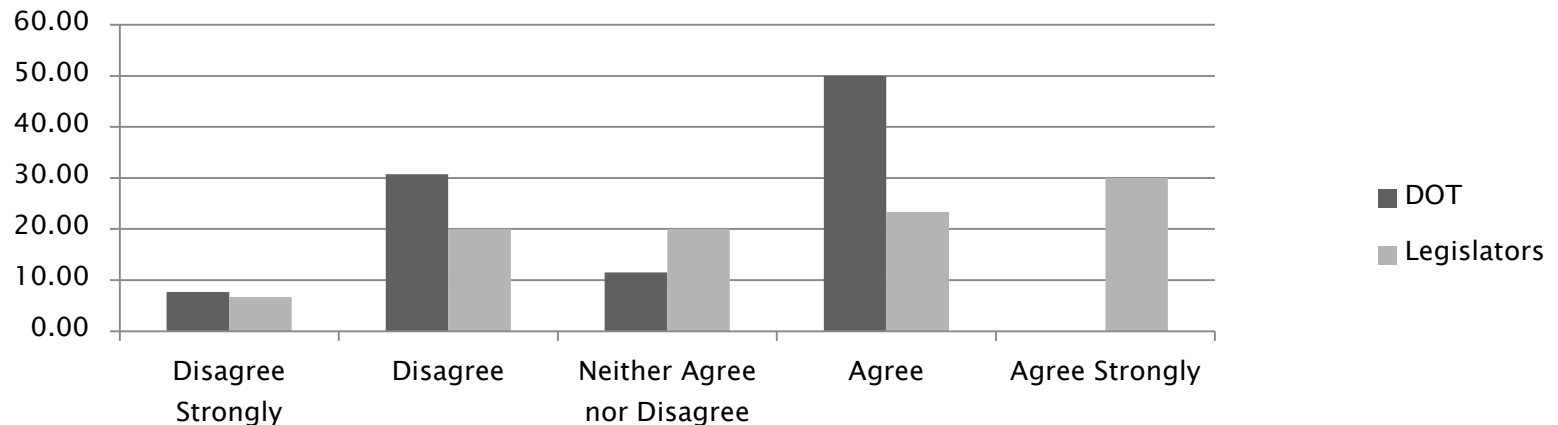
## Governance and Oversight

- ▶ **Legislation: The legislature's power to enact laws is balanced by executive veto authority, but also by other executive involvement in the legislative process -- which varies by state.**
  - DOTs in 17 states and D.C. can submit/propose legislation through office of the governor/mayor or by request to legislature
  - MassDOT can file its own bills at the governor's discretion
  - At least 5 state DOTs (Hi., N.D., Okla., Vt. and W. Va.) can draft or present bills for legislative consideration
  - Wyo. has a fully collaborative, iterative process to draft bills
  - Several state DOTs lobby the legislature; but this is prohibited in at least La. and Texas
  - In at least 5 states (Alaska, Minn., N.D., W. Va. and Wis.), DOTs must prepare fiscal notes for bills that affect them
  - Va. and Wis. DOTs also provide policy analyses



# Key Findings: Governance and Oversight

- ▶ **Legislative oversight of DOTs**
  - Theoretically, a fundamental check and balance
  - However... **Only about half of DOT executives and state legislators surveyed agreed that a legislature has a fundamental responsibility to oversee DOT operations.**



- **But more than 40 percent of legislators and no DOT officials surveyed think their state's DOT should be subject to additional independent oversight and accountability.**



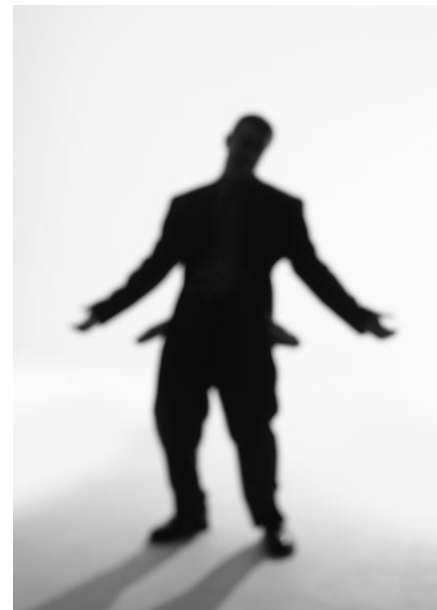
# Key Findings: Governance and Oversight

- ▶ **Legislative oversight mechanisms**
  - Committee oversight
  - Transportation/DOT leadership appointments
  - Review of administrative rules and regulations
  - Performance goals
  - Program evaluation and sunset reviews
  - Reporting requirements
  - Legislative requests for information from DOTs
  - Independent sources of transportation information
- ▶ **Resources to support DOT compliance**
  - At least 9 state DOTs have received appropriations to help them meet legislative oversight mechanisms

# Key Findings: Funding and Finance

## States face a well-documented and worsening transportation funding crisis

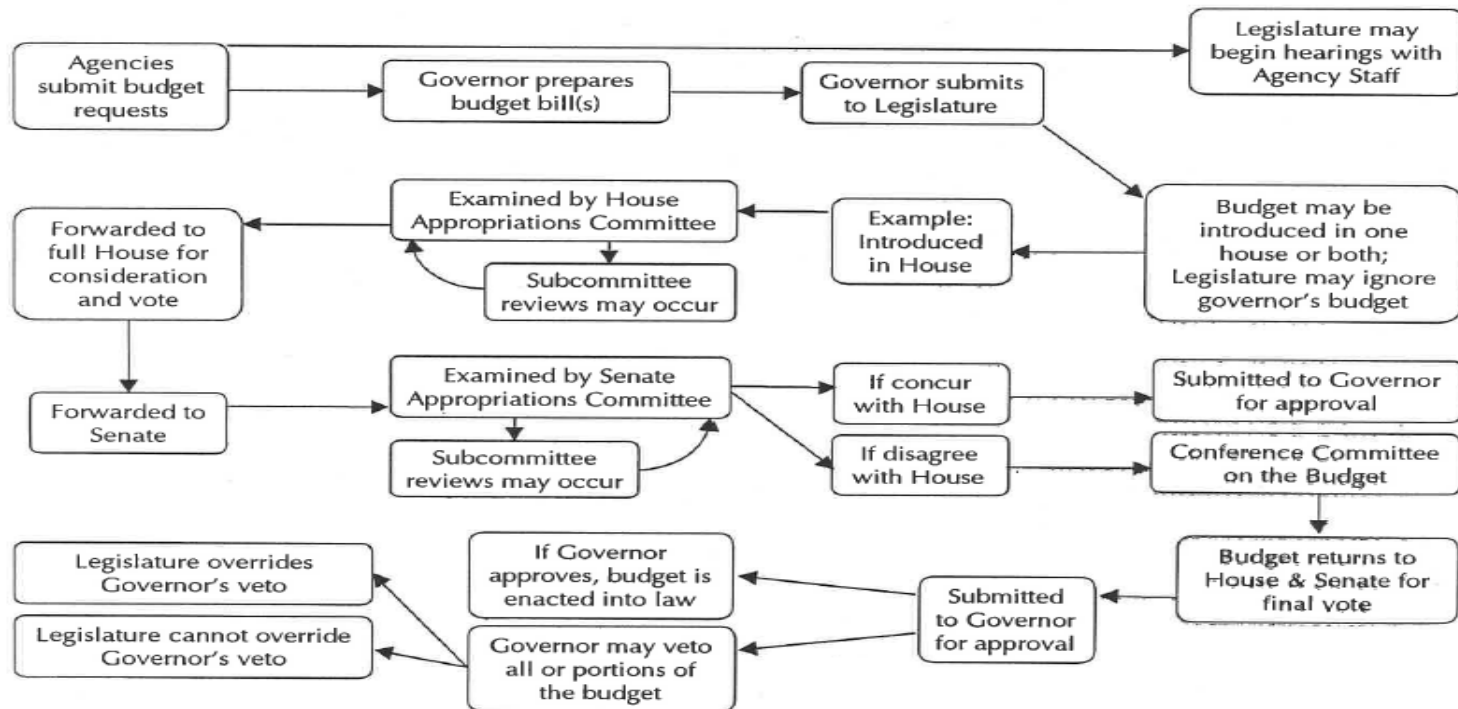
- ▶ Each state must address the transportation funding crisis within its unique balance of governmental powers.
- ▶ Generally a key area for overlap and tension between legislature and executive branch
- ▶ State budget flexibility is limited by federal and state requirements



# Key Findings: Funding and Finance

## ▶ Budget and appropriations

- In all but 8 states and P.R., executive agencies such as DOTs submit budget requests to the governor *and* to the legislature





# Key Findings: Funding and Finance

## ▶ Federal funding

- Federal funding accounts for around 20 percent of both highway and transit funding
- As of 2006, federal funds were the largest single source of funding for highway purposes used by 17 states and D.C.\*
- **At least 15 states and D.C. allow some federal funds to flow to the state DOT without state legislative appropriation**
- In 3 states (Ill., Minn. and S.D.), funds are reflected in state budgets but can be spent without legislative action
- Other states have more active legislative role by reviewing, appropriating or setting expenditure limits on federal funds

\* Refers only to funds used by state governments for highway purposes.





# Key Findings: Funding and Finance

## ▶ State funding

- States provide about half of all surface transportation funding
- Legislatures have more power over state revenues and appropriations

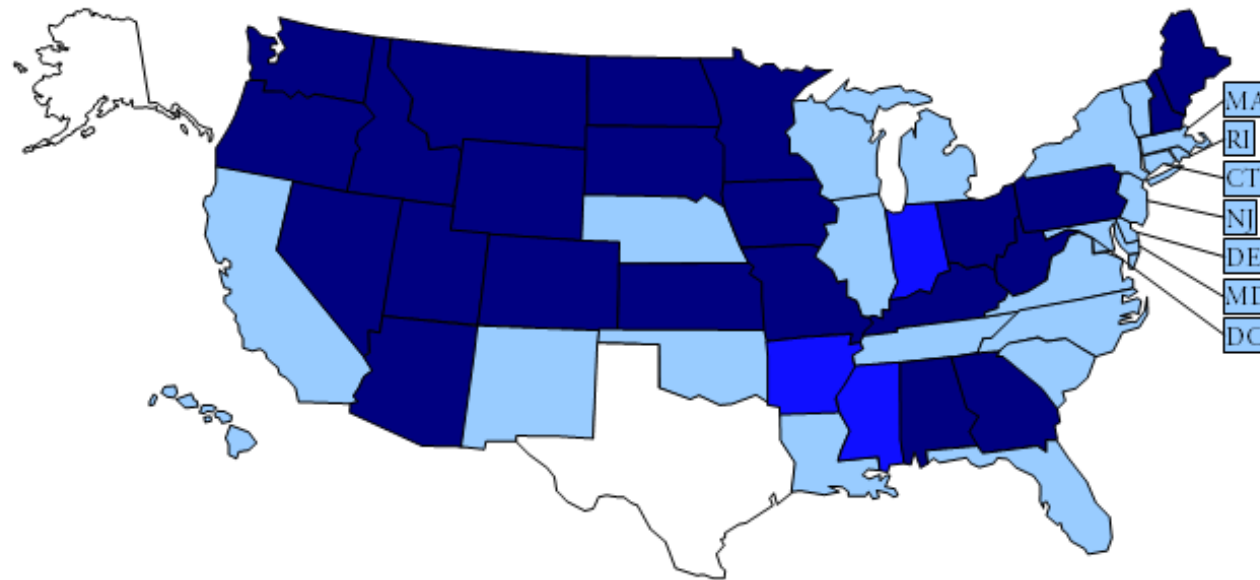
## ▶ State revenue sources for roads, bridges, rail and transit





- **Fuel taxes** (all states + DC + PR; as of mid-2012, 6 states will index); largest single source of highway funds used by half the states
- **Sales taxes on fuel or taxes on distributors/suppliers** (14 states + PR)
- **Motor vehicle or rental car sales taxes** (29 states)
- **Vehicle registration, license or title fees** (48 states + PR)
- **Vehicle or truck weight fees** (37 states)
- **Tolls** (24 states + PR, plus non-state turnpike or tolling entities)
- **General funds** (34 states + DC, plus Vt. as occasional exception)
- **Interest income** (37 states + DC + PR)
- **Other** (40 states + DC + PR)



# Key Findings: Funding and Finance

26 states restrict use of fuel tax revenues to highway and road purposes only



-  Constitutional Dedication of Fuel Tax Revenues Exclusively to Highway and Road Purposes
-  Statutory Dedication of Fuel Tax Revenues Exclusively to Highway and Road Purposes
-  Fuel Tax Revenues Used for General or Multimodal Transportation Purposes
-  Other



# Key Findings: Funding and Finance

- ▶ **Legal Protections on Revenues and Funds**
  - At least 6 states (Calif., Del., N.H., Pa., Tenn. and Wis.) explicitly prohibit diversion or transfer of transportation dollars
  - **Dedications and prohibitions are not always effective!** At least 7 states (Ariz., Fla., Ky., Minn., N.J., N.C. and Wis.) report legislative diversions of transportation funds despite restrictions
  - Some states have a process for diversion:
    - Mont. allows diversion by 3/5 vote of legislature
    - Md. and Va. allow diversion if a plan is provided for repayment within a certain amount of time





# Key Findings: Funding and Finance

## ▶ Innovative finance

- Tools used to borrow against or leverage traditional funding sources
- Some--e.g. SIBs and debt financing instruments--require enabling legislation before a DOT can use them
- PPPs and GARVEEs may require additional legislative approval

## ▶ Transportation finance mechanisms:

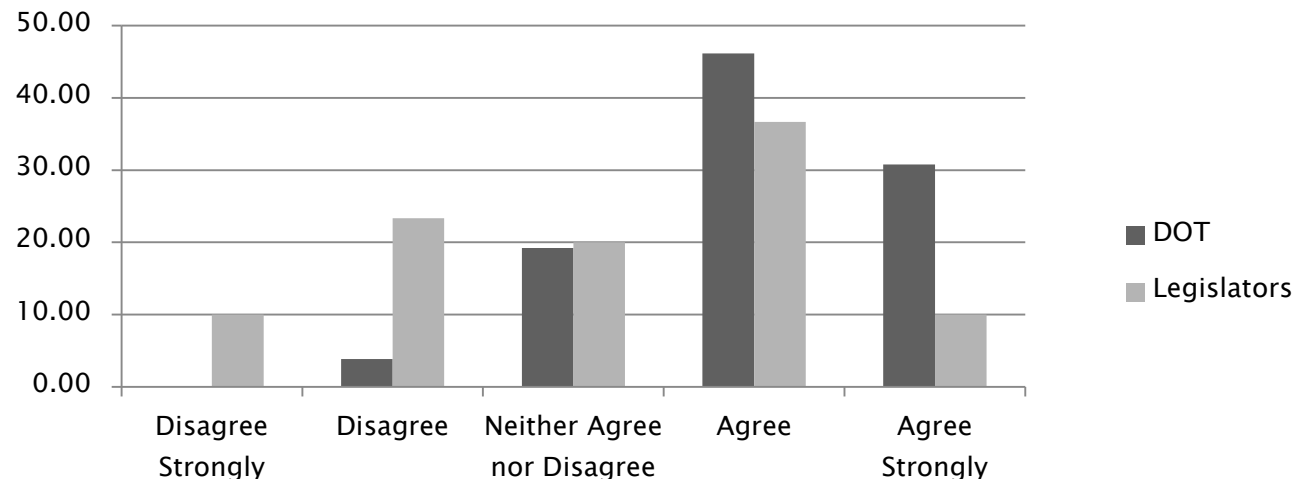
- **General obligation or revenue bonds** (44 states + DC + PR)
- **GARVEE bonds** (33 states + DC + PR)
- **Private Activity Bonds (PABs)** (6 states)
- **Build America Bonds (BABs)** (25 states)
- **TIFIA federal credit assistance** (12 states + PR)
- **State Infrastructure Banks (SIBs)** (34 states + PR)
- **Public-private partnerships (PPPs)** (authorized in 32 states + PR)
- **Design-build** (authorized in 38 states + PR)

# Key Findings: Funding and Finance

## ▶ Other funding and finance topics in the report:

- Public-private partnerships
- State aid to local governments
- Retention of surplus or excess funds
- Controlling DOT costs
- Transportation planning -- for example:

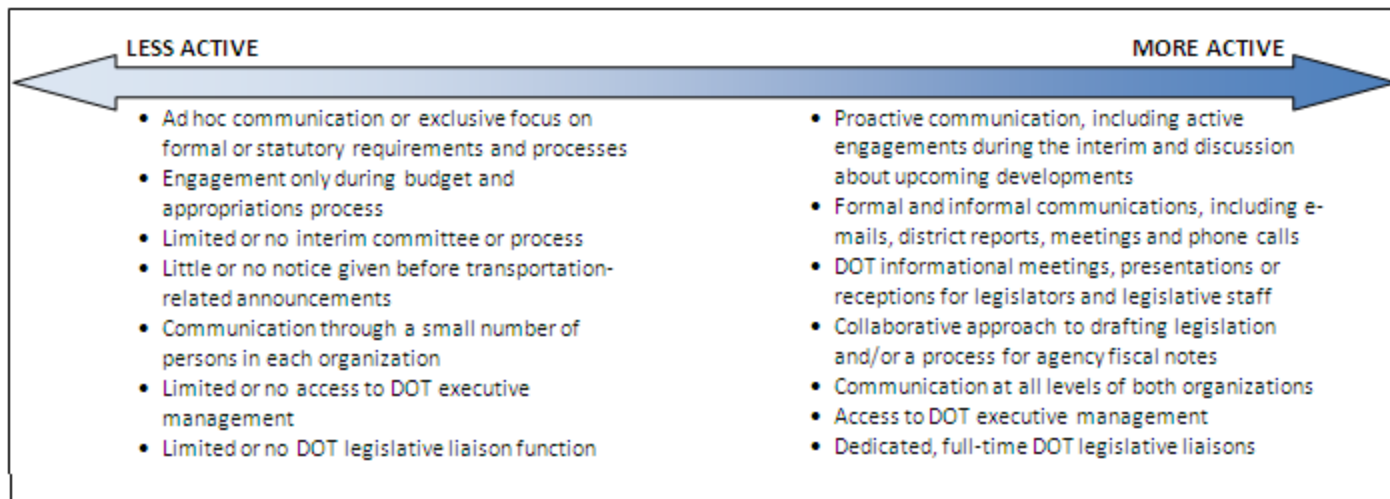
**Seventy-seven percent of DOT officials surveyed agreed that transportation projects are chosen based primarily on merit, not political, personal or other considerations. Responses from legislators were more divided.**



# Key Findings:

## Communication and Collaboration

- ▶ State legislators and DOT executives overwhelmingly agreed that regular, open, honest and transparent communication is one of the most important elements of effective transportation governance
- ▶ In practice, communication and collaboration differs significantly across jurisdictions

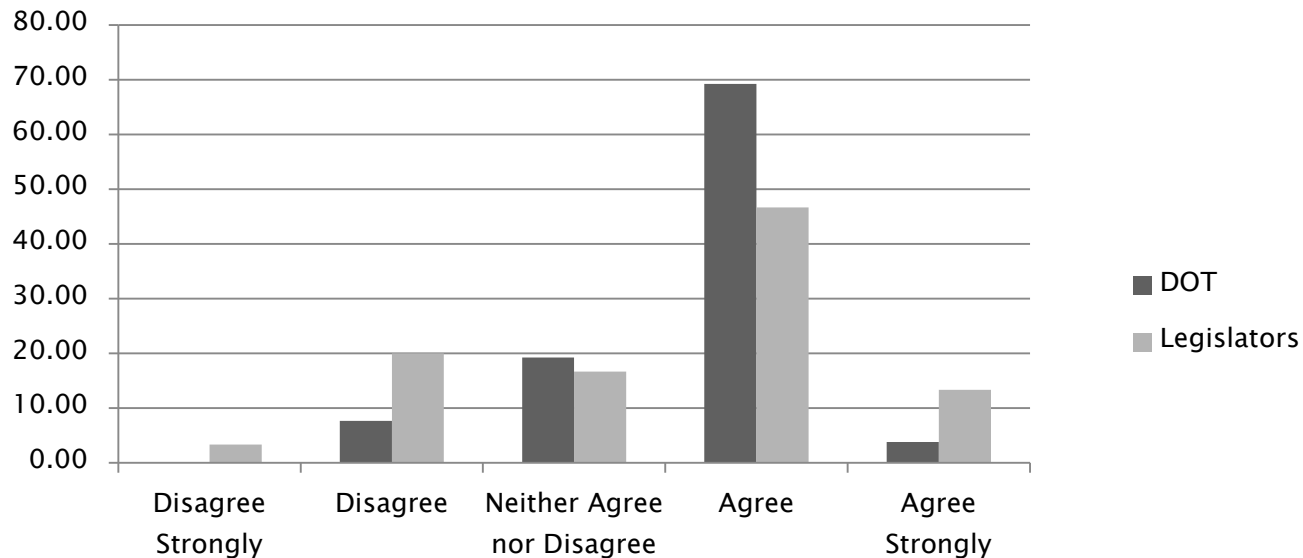




# Key Findings:

## Communication and Collaboration

- ▶ **Seventy-three percent of DOT officials and 60 percent of legislators surveyed agreed or strongly agreed that the legislature and DOT work together effectively in their state.**



# Data Collection and Analysis: Successes

- ▶ **Top success: Unprecedented richness and completeness of data**
- ▶ **Data received from all states, D.C. and P.R.**
  - All states, D.C. and P.R. responded to surveys (after reminders!)
  - Substantive fact-checking feedback received from 34 states
- ▶ **Meaningful data received for Survey 3 (opinion survey)**
  - Anonymous surveying yielded detailed, candid responses
- ▶ **It took a village!**
  - Between all the surveys and fact-checking responses, more than 200 known individuals in the states contributed to this report





# Data Collection and Analysis: Challenges

- ▶ **Top challenge: Data accuracy and consistency**
  - Survey respondents from same state sometimes disagreed
  - Survey respondents differed from reputable other sources
  - Decided to include it all and let state experts look for false positives during fact-checking -- but this wasn't perfect either...
- ▶ **Challenges in operationalizing concepts**
  - What is "state-level transportation funding?" Federal grants used by states? Tolls used by state tolling entities for those facilities only?
- ▶ **Differences in terminology among states**
  - What is an "additional sales tax on fuel"? It depends!
- ▶ **Nuances in terminology**
  - "Introducing" versus "drafting" versus "submitting" versus "proposing" versus "requesting" legislation





# Data Collection and Analysis: (More) Challenges

- ▶ **Scope!**
  - A constant challenge -- aided by explicit discussion and Task Force
- ▶ **Building a network of the right state contacts**
  - Survey process took months longer than expected, partly due to in-state staffing changes and efforts to locate the right expert(s)
- ▶ **Labor-intensive data compilation and tracking**
  - Survey 1 and 2 format was easiest for respondents, but hard for us
- ▶ **Small sample size for Survey 3 (opinion survey)**
  - 56 respondents total: 30 legislators and 26 DOT officials
- ▶ **Data organization**
  - Had to wrestle huge amount of data into comprehensible framework





# Data Collection and Analysis: (More) Challenges

- ▶ **Data was (and is) a "moving target"**
  - Some state policies were being challenged during our analysis
  - Many last-minute changes
  - Report out of date within weeks of publication
- ▶ **Presentation of sensitive state information**
  - Carefully avoided potentially negative connotations
  - Fact-checking was to confirm presentation as much as facts
- ▶ **True uniqueness of states**
  - Apples and oranges problems, e.g. state DOT budget data
  - Not all questions were relevant to all states, causing some confusion
  - States couldn't be grouped, despite early expectations



# Opportunities for Collaboration

- ▶ **How can the transportation librarian and information management community help us?**
- ▶ **Data collection and review**
  - Additional fact-checking of this report (esp. for second printing)?
  - Potential future updates of the data?
  - Pertinent data related to any of our products that you come across!
- ▶ **Data dissemination**
  - NCSL and AASHTO product numerous transportation publications and other resources -- how can we work together with you to get them to the professionals who need them most?
- ▶ **How can we help you?**

Sharing resources? Other? You tell us!





# Questions and Answers



# Contact Details and Resources



## Joung Lee

AASHTO Center for Excellence in Project Finance

Phone: 202-624-5818

[jlee@ashto.org](mailto:jlee@ashto.org)



## Jaime Rall

National Conference of State Legislatures

Phone: 303-865-1417

[jaime.rall@ncsl.org](mailto:jaime.rall@ncsl.org)

## Resources

- ▶ NCSL-AASHTO report: <http://www.ncsl.org/?TabId=19117>
- ▶ NCSL Transportation Program: <http://www.ncsl.org/issues-research.aspx?tabs=951,72,106#951>
- ▶ AASHTO Project Finance State by State 1992-2008: [http://www.transportation-finance.org/tools/state\\_by\\_state/](http://www.transportation-finance.org/tools/state_by_state/)