

## **THE \$300 BILLION QUESTION: ARE WE BUYING A BETTER TRANSPORTATION SYSTEM?**

### **RECOMMENDATIONS: IMPROVING ACCOUNTABILITY & PERFORMANCE IN THE TRANSPORTATION SECTOR**

Transportation finance is too important and involves too much of the taxpayers' money — \$300 billion over the last ten years at the federal level alone — to suffer as it does from the numerous accounting loopholes and financial complexities. The following recommendations would go a long way toward improving the effectiveness of federal transportation spending, giving taxpayers a bigger bang for their buck while building more accountability, transparency and performance requirements into a system that desperately needs them.

#### (1) Require Clearer Goals and Reward Performance:

- Require goals and performance measures for all transportation agencies that use federal transportation funds. Agencies must demonstrate progress towards meeting goals in annual reports made available to the public.
- Reward states and metropolitan planning organizations that show significant progress and effort towards meeting their stated goals with financial incentives including higher federal match for projects.

#### (2) Fix Accounting Loopholes in the Current TEA-21 law:

- The new federal transportation law should match apportionments with obligation limits each year – or assign obligation limits to specific programs – in order to close the loophole that allows overspending in some categories and underspending in others.
- Require demonstration of meeting crucial program goals before allowing transfer of funds out of key road and bridge repair, traffic safety and air quality programs for other purposes.

#### (3) Build more Transparency into Transportation Finance:

- Publish annual federal transportation spending information, including program and project type information.
- Require states to publish annual state and local transportation spending including program and project level information.
- Publish annual declarations for intended use of federal transportation funds.

Publish financial audits of transportation agencies at least once every three years including rigorous analysis of the use of innovative finance tools like GARVEE bonds.

Build better partnerships with local government officials and public interest groups by better advertising the availability of transportation funds.

(4) Remove Regulatory Barriers That Discourage Repair, Maintenance and Operation of Transportation Facilities:

Allow federal transportation funds to be used for routine repair of local roads, streets, sidewalks and trails.

Allow federal transportation funds to be used for the operations of mass transit and paratransit systems, and for intercity rail operations including Amtrak.

(5) Require "Fix-it-First" Provisions for Roads and Bridges Similar to Rules that Currently Exist for Mass Transit Systems:

Require strong "Fix it First" policies and incentives in federal highway programs that ensure new highway investments are made in a fiscally responsible manner and will be protected, repaired and maintained in future years.

Require "smart investment" provisions for federal highway funding that reward commitment to restricting growth around highway facilities to more cost-effectively preserve road capacity and curb unplanned development.

(6) Direct Federal Transportation Dollars Beyond State Agencies to Local Governments:

Devolve a significant portion of federal transportation dollars – at the very least proportional to population within a state -- to metropolitan planning organizations (MPOs) and the local governments they represent.