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GAO
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Highlights

Highlights of GAO-09-597T, a testimony before the Committee on Transportation and Infrastructure, House of Representatives

RECOVERY ACT

Initial Results on States' Use of and Accountability for Transportation Funds

Why GAO Did This Study

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided $48.1 billion in additional spending at the Department of Transportation (DOT) for investments in transportation infrastructure, including highways, passenger rail, and transit.

This statement provides a general overview of (1) selected states' use of Recovery Act funds for highway programs, (2) the approaches taken by these states to ensure accountability for these funds, and (3) the selected states' plans to evaluate the impact of the Recovery Act funds that they receive for highway programs. This statement is based on work in which GAO examined the use of Recovery Act funds by a core group of 16 states and the District of Columbia, representing about 65 percent of the U.S. population and two-thirds of the intergovernmental federal assistance available through the Act. GAO issued its first bimonthly report on April 23, 2009.

What GAO Recommends

In its first bimonthly report on the Recovery Act, GAO made recommendations to the Office of Management and Budget (OMB) in three broad areas: (1) accountability and transparency requirements, (2) administrative support and oversight, and (3) communications. In general, OMB concurred with the overall objectives of the recommendations.

View GAO-09-597T or key components.
For more information, contact Katherine Siggerud at (202) 512-2834 or siggerudk@gao.gov.

What GAO Found

According to DOT, as of mid-April, the 17 locations that GAO reviewed had obligated $3.3 billion of the over $15 billion (21 percent) in highway investment funds that DOT had apportioned to them. These funds will be used in about 900 projects. States are using existing statewide plans to quickly identify and obligate funding for Recovery Act transportation projects. Several states have generally focused on rehabilitation and repair projects, because these projects require less environmental review or design work. For example, the New Jersey Department of Transportation selected 40 projects and concentrated mainly on projects that require little environmental clearance or extensive design work, such as highway and bridge painting and deck replacement. Some states also reported targeting funds toward projects with an emphasis on job creation and consideration of economically distressed areas. For example, Colorado Department of Transportation officials are emphasizing construction projects, such as highway bridge replacements, rather than projects in planning or design phases, in order to maximize job creation. The Illinois Department of Transportation reported that it is planning to spend a large share of its estimated $655 million in Recovery Act funds for highway and bridge projects in economically distressed areas.

States are modifying systems to track Recovery Act funds but are concerned about tracking funds distributed directly to nonstate entities. Officials from all 16 of the states which GAO is reviewing and the District of Columbia stated that they have established or are establishing ways to identify, monitor, track, and report on the use of the Recovery Act funds. However, officials from many of these states and the District of Columbia have concerns about the ability of subrecipients, localities, and other non-state entities to separately monitor, track, and report on the Recovery Act funds these nonstate entities receive. Officials in several states also expressed concern about being held accountable for funds flowing directly to localities or other recipients and indicated that either their states would not be tracking Recovery Act funds going to the local levels or that they were unsure how much data would be available on the use of these funds. Our April 23rd report recommended that the OMB evaluate current reporting requirements before adding further data collection requirements.

States vary in their responses to determining how to assess the impact of Recovery Act funds. For programs such as the Federal-aid Highway Surface Transportation Program, some states will use existing federal program guidance or performance measures to evaluate impact. However, a number of states have expressed concerns about definitions of "jobs retained" and "jobs created" under the act, as well as methodologies that can be used for the estimation of each. Given these concerns, GAO recommended in its first bimonthly report that the OMB continue to identify methodologies that can be used to determine jobs retained and created from projects funded by the Recovery Act.