United States Government Accountability Office

Report to the Ranking Member, Committee on Environment and Public Works, U.S. Senate

October 2014

HIGHWAY TRUST FUND

DOT Has Opportunities to Improve Tracking and Reporting of Highway Spending

GAO Highlights

Highlights of GAO-15-33, a report to the Ranking Member, Committee on Environment and Public Works, United States Senate

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HIGHWAY TRUST FUND

DOT Has Opportunities to Improve Tracking and Reporting of Highway Spending

Why GAO Did This Study

In recent years, dedicated revenues to the Highway Trust Fund have been eroding, resulting in fewer resources to fund surface transportation projects and requiring, between 2008 and 2014, transfers of over $50 billion in general revenues. Four operating administrations within DOT—FHWA, FTA, NHTSA, and FMCSA—receive funding from the Highway Trust Fund for programs administered by these agencies, and FHWA receives the largest share (81 percent of the agency's authorizations in fiscal year 2013).

GAO was asked to review how Highway Trust Fund monies are being used to help ensure that sound choices and investment decisions about future funding are made. This report examines what is known about the types of projects, activities, and federal administrative functions and expenses supported by DOT using Highway Trust Fund monies in fiscal year 2013. To address this request, GAO obtained and analyzed fiscal year 2013 federal obligation data from DOT's operating administrations, reviewed relevant documentation, and interviewed FHWA, FTA, FMCSA, NHTSA, and DOT officials.

What GAO Recommends

GAO recommends that the Secretary of Transportation direct the FHWA Administrator to explore the costs, feasibility, and options for collecting and publicly reporting consistent aggregate project-level spending data. DOT agreed with our recommendation. DOT also provided technical comments, which we incorporated, as appropriate.

View GAO-15-33. For more information, contact Susan Fleming at (202) 512-2834 or flemings@gao.gov.

What GAO Found

In fiscal year 2013, operating administrations within the Department of Transportation (DOT) collected and reported some information on the types of activities and administrative expenses funded from the Highway Trust Fund, but did so with varying levels of detail. The Federal Highway Administration (FHWA) obligated about $41 billion in fiscal year 2013, most of which ($39 billion) was apportioned to states through the federal-aid highway program. FHWA tracks federal-aid highway program obligations in its Fiscal Management Information System (FMIS), for individual project segments or contracts. This process allows FHWA to collect and report information on the types of activities (such as obligations for the construction of new roads or bridges) funded with Highway Trust Fund monies.

However, FHWA does not collect and report aggregate project-level data for the majority of projects on a routine basis. Aggregate project-level data would allow FHWA to track and report the total overall obligations of an entire project. While FHWA tracks and reports aggregate obligations for its "major projects" (projects with a total cost of $500 million or more), it does not collect and report aggregate obligations for other projects, which represented nearly 88 percent of all fiscal year 2013 spending. FHWA could collect and report aggregate obligations for all projects in FMIS, and FMIS has two existing data fields that could be used to collect this information. But according to FHWA officials, doing so would result in increased costs to FHWA and states. FHWA officials attributed increased costs to, among other things, programming costs to make changes to FMIS to track these data; however, FHWA has not completed a cost analysis to estimate what the associated costs would be. FHWA is currently in the process of modernizing its FMIS database system. Exploring the costs, feasibility, and options for collecting and reporting consistent aggregate project-level obligations could aid FHWA in its oversight efforts, including its ability to more easily draw consistent data for its compliance reviews and to report information to Congress and the public about how the majority of federal funds from the Highway Trust Fund are being used.

The Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Motor Carriers Safety Administration (FMCSA) also collect some information on activities funded with Highway Trust Fund monies. For example, FTA collects data on activities, such as obligations for bus and rail purchases, funded with Highway Trust Fund monies each year, and NHTSA and FMCSA collect and report data by grant program. In addition, within DOT, the FHWA, FMCSA, and NHTSA used Highway Trust Fund monies for a range of administrative expenses, such as personnel salaries and benefits and rent. FTA does not receive Highway Trust Fund monies for administrative expenses.

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Abbreviations

DOT	Department of Transportation
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FMIS	Fiscal Management Information System
FTA	Federal Transit Administration
FTE	full-time equivalent
MAP-21	Moving Ahead for Progress in the 21st Century Act
MCSAP	Motor Carrier Safety Assistance Program
NHTSA	National Highway Traffic Safety Administration
OST	Office of the Secretary of Transportation
TEAM	Transportation Electronic Award and Management

441 G St. N.W.
Washington, DC 20548

October 9, 2014

The Honorable David Vitter
Ranking Member
Committee on Environment and Public Works
United States Senate

Dear Senator Vitter:

The nation's surface transportation systems are critical to the economy and the movement of people and freight. Federal surface transportation programs are primarily funded by taxes on motor fuels and other truck-related taxes that are deposited into the Highway Trust Fund. In recent years, dedicated revenues from fuel taxes to the Highway Trust Fund have been eroding. Federal motor-fuel tax rates have not increased since 1993, and the 18.4 cents per-gallon tax on gasoline enacted in 1993 is worth about 11.5 cents today. This trend is expected to continue as demand for gasoline decreases with the introduction and adoption of more fuel-efficient and alternative fuel vehicles in the years ahead. In August 2014, the Congressional Budget Office estimated that to maintain current spending levels plus inflation between 2014 and 2024, the Highway Trust Fund will require about $157 billion more than it is expected to take in over that period. To maintain current spending levels and cover revenue shortfalls, between 2008 and 2014, Congress has transferred over $50 billion in general revenues to the Highway Trust Fund. And in August 2014, an extension of federal-aid highway programs through May 31, 2015, was enacted and will provide $10.8 billion in funding to the Highway Trust Fund, of which $9.8 billion will be transferred from the General Fund of the U.S. Treasury.[1] This approach may not be sustainable over the long term given competing demands for federal funding and the federal government's growing fiscal challenges. Congress and the Administration need to agree on a long-term, sustainable plan to fund surface transportation, and for this and other reasons, funding surface transportation is on GAO's High Risk List.[2]

[1]In addition, $1 billion will be transferred from the Leaking Storage Tank Trust Fund. Highway and Transportation Funding Act of 2014. Pub. L. No. 113-159 (2014).

[2]GAO, *High Risk Series: An Update*, GAO-13-283 (Washington D.C.: Feb. 14, 2013).

The Moving Ahead for Progress in the 21st Century Act (MAP-21)[3] authorized Highway Trust Fund monies for programs administered by four operating administrations within the Department of Transportation (DOT)—the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Motor Carrier Safety Administration (FMCSA). Most of this funding is administered by FHWA, which distributes most of the funds to the states through formulas established in law under the federal-aid highway program. FHWA tracks federal-aid highway program obligations and the types of funded activities in its Fiscal Management and Information System (FMIS).[4] Non-state funding is tracked through the Delphi system. Highway Trust Fund monies are also used for other purposes, including for administrative expenses of the DOT's operating administrations. Currently, FHWA, NHTSA, and FMCSA receive monies from the Highway Trust Fund for administrative expenses, while FTA does not receive funding from the Highway Trust Fund for such expenses.

While Highway Trust Fund dollars are used for a wide range of activities, such as road or bridge improvements, information about these activities is not readily available to Congress and the public. For example, DOT's annual fiscal-year budget reports provide information on total spending at the program level, but do not provide detailed information about the types of activities and administrative expenses funded with Highway Trust Fund monies. Given the financial condition of the Highway Trust Fund, you asked us to provide information about how this funding is being used to help ensure that sound choices and investment decisions about future funding are made. We examined what is known about the types of projects, activities, and federal administrative functions and expenses supported by DOT using Highway Trust Fund monies in fiscal year 2013.

[3]Pub. L No. 112-141, 126 Stat. 405 (2012). MAP-21 is the current authorization act for surface transportation programs and will expire at the end of fiscal year 2014. An authorization act establishes or continues federal programs or agencies. MAP-21 provided contract authority over the authorization period for most programs funded from the Highway Trust Fund. Contract authority is a form of budget authority that permits obligations to be incurred in advance of appropriations. Contract authority is unfunded, and a subsequent appropriation is needed to liquidate or pay the spending.

[4]An obligation is a definite commitment that creates a legal liability of the government for payment. Once an obligation is made, the federal government reimburses the states when they submit a voucher for costs incurred on the project.

To address our reporting objective, we obtained and analyzed data on fiscal year 2013 obligations from the Highway Trust Fund for programs and administrative expenses administered by FHWA, FTA, FMCSA, and NHTSA— the DOT agencies that can directly obligate funds from the Highway Trust Fund. Specifically, we examined national level data on programs and activities that these agencies reported that could be readily aggregated from the obligation data. While each agency collects additional information about its programs and activities at the state and grantee level as part of its oversight and monitoring responsibilities, we focused only on what national level information could be aggregated from data on Highway Trust Fund obligations for fiscal year 2013. For FHWA, we obtained and analyzed data on federal-aid highway program obligations from FHWA's FMIS database. For FTA, we obtained and analyzed data on program obligations by program and by categories of activities from FTA's Transportation Electronic Award and Management (TEAM) system. Finally, for NHTSA and FMCSA, we analyzed data on obligations from Delphi, which is DOT's accounting system, for all grants funded from the Highway Trust Fund, to report total cumulative obligations in fiscal year 2013. We interviewed agency officials from each operating administration, reviewed agency documentation, and performed other steps to ensure the reliability of each operating administration's data, and we determined that the data were sufficiently reliable for the purposes of this report. In addition, we reviewed documents from and conducted interviews with each operating administration and the Office of the Secretary of Transportation (OST) to obtain additional information about Highway Trust Fund obligations for programs and administrative expenses. For FHWA, we reviewed agency documents and interviewed FHWA officials to gather additional information about its process for tracking project-level data in FMIS. We also reviewed relevant statutes, regulations, legislation, and other literature including prior GAO reports related to Highway Trust Fund obligations.

We conducted this performance audit from March 2014 to October 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A more detailed description of our scope and methodology is contained in appendix I.

Background

Congress established the Highway Trust Fund in 1956 to hold highway user taxes that fund various surface transportation programs. The primary revenue sources for the Highway Trust Fund are federal excise taxes on motor fuels (gasoline, diesel, and special fuels taxes) and truck-related taxes (truck and trailer sales, truck tire, and heavy-vehicle use taxes). Fuel taxes provide about 89 percent of the excise tax income to the Highway Trust fund.[5] The Highway Trust Fund is divided into two separate accounts—Highway and Mass Transit Accounts. The Highway Account receives the majority (approximately 89 percent in fiscal year 2013) of the tax receipts allocated to the Highway Trust fund, including the majority of the fuel taxes.[6] All truck-related taxes are also deposited into the Highway Account.

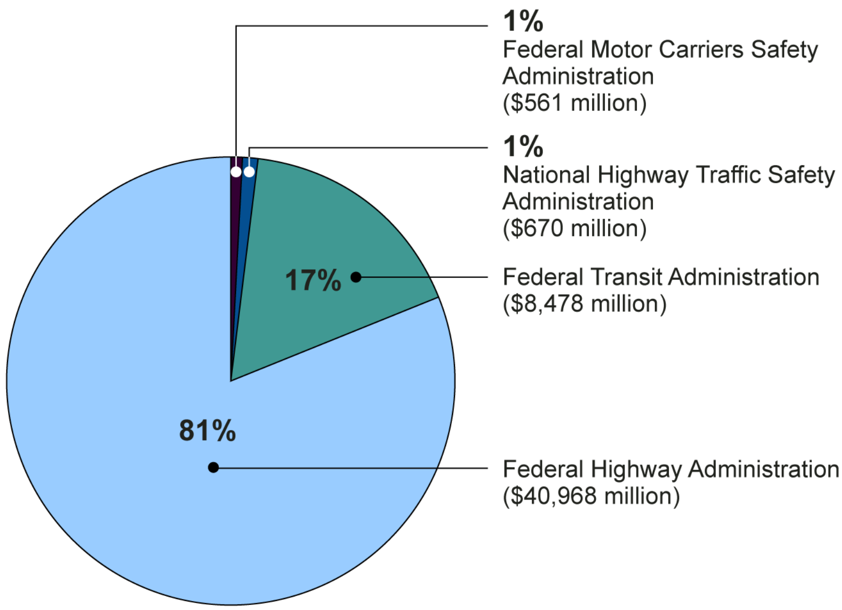
The Highway Trust Fund primarily supports surface transportation programs administered by four DOT operating administrations—FHWA, FTA, FMCSA, and NHTSA. The Highway Account funds programs administered by FHWA, FMCSA, and NHTSA, and the Mass Transit Account funds FTA programs. For fiscal year 2013, MAP-21 authorized approximately $51 billion from the Highway Trust Fund to four DOT operating administrations, most of which was authorized to FHWA[7] (see fig. 1).

[5]The Highway Trust Fund also receives revenue attributable to gasoline used by non-highway recreational users, such as snowmobiles, all-terrain vehicles, off-highway motorcycles, off-highway light trucks, and other non-highway motorized recreational vehicles.

[6]The total fuel tax is 18.4 cents per gallon and is split as follows: 15.44 cents to the Highway Account, 2.86 cents to the Mass Transit Account, and 0.1 cent to the Leaking Underground Storage Tank Trust Fund, which is administered by the Environmental Protection Agency. The total diesel fuel tax is 24.4 cents per gallon of which 21.44 cents is dedicated to the Highway Account, 2.86 cents to the Mass Transit Account, and 0.1 cent to the Leaking Underground Storage Tank Trust Fund. Truck related taxes include taxes on tires, truck and trailer sales, and heavy vehicle use taxes.

[7]MAP-21 provides FHWA with fiscal year 2013 authorizations of $41 billion, of which $500 million was authorized to the Projects of National and Regional Significance program. This program did not subsequently receive appropriated funds.

Figure 1: Authorized Amounts from Highway Trust Fund by DOT Operating Administration, Fiscal Year 2013



Source: GAO Analysis of the Moving Ahead for Progress in the 21st Century Act, 2012. | GAO-15-33

Note: FTA and NHTSA funding was authorized from both the Highway Trust Fund and the General Fund of the U.S. Treasury. In fiscal year 2013, FTA was authorized $10.6 billion, of which approximately $8.5 billion was from the Mass Transit Account of the Highway Trust Fund, and about $2.1 billion from the General Fund. NHTSA was authorized $803 million, of which $670 million was authorized from the Highway Trust Fund, and $133 million came from the General Fund.

These agencies provide much of this funding directly to states, metropolitan-planning organizations, and transit agencies through formula and discretionary grants, and recipients select projects to be funded, subject to federal eligibility requirements.

- FHWA is primarily funded from the Highway Trust Fund.[8] Ninety percent of FHWA's authorized funds are for the federal-aid highway program. FHWA oversees this program and distributes much of this funding to states through annual apportionments established by

[8]FHWA also administers some older highway programs that previously received appropriations for highway improvements from the General Fund but that have since been eliminated. Projects funded under these programs may still be incurring some obligations. In addition, the Emergency Relief program authorizes FHWA to obligate any funds necessary for the immediate completion of the work. Pub. L. No. 112-141 § 1107.

statutory formulas. Apportioned funds are available for states to obligate for construction, reconstruction, and improvement of highways and bridges on eligible federal-aid highway routes, as well as for other purposes authorized in law.[9] While FHWA oversees and distributes funds to States, the responsibility for selecting specific highway projects generally rests with state DOTs and local-planning organizations, which have discretion in determining how to allocate available federal funds among various projects. Specifically, FHWA relies on its division offices—52 division offices located in each state, the District of Columbia, and Puerto Rico—to oversee projects funded through the federal-aid highway program and ensure these projects comply with federal requirements. However, FHWA is accountable for ensuring that the federal-aid highway program is delivered effectively, efficiently, and in compliance with established federal law.

The remainder of FHWA's Highway Trust Fund funding (about 10 percent) is authorized for other programs including the Federal Lands Highway Program, which provides financial and engineering assistance for a network of public roads that serve the transportation needs of Federal and Indian Lands and FHWA's research and education activities. FHWA allocates Highway Trust funds to 28 agencies, such as the Department of Interior. See appendix II for additional information about FHWA's federal-aid highway and other spending.

- FTA receives funding from both the Mass Transit Account of the Highway Trust Fund for its Formula and Bus Grants and from the General Fund for its discretionary grants, which include the Capital Investment Grants programs. FTA distributes this funding to grant recipients for several activities, including financial and technical assistance to local and state public agencies to purchase, build, maintain, and operate transportation systems, and to support planning and operations for public transit systems, including bus, subway, and light rail. FTA works in partnership with states and other grant recipients to administer federal transit programs, provide financial

[9]Generally, the matching-share requirement for federal-aid highway formula grants is 80 percent federal and 20 percent state or local funding. We have previously reported that the funding formula used to apportion funds to states is unsustainable in the longer term because since 2005, every state received as much or more funding for highway programs than they contributed to the Highway Account of the Highway Trust Fund. See GAO, *Highway Trust Fund: Nearly All States Received More Funding Than They Contributed in Highway Taxes Since 2005*, GAO-10-780, (Washington, D.C.: June 30, 2010).

assistance, policy direction, technical expertise, and some oversight. State and local governments are ultimately responsible for executing most federal transit programs by matching and distributing federal funds and by planning, selecting, and supervising infrastructure projects and safety programs in accordance with federal requirements.

- NHTSA receives funding from both the Highway Trust Fund and the General Fund. It administers and distributes Highway Trust Fund monies by formula to states through various federal highway-safety grants, such as the State and Community Highway Safety Grant Program, which is a formula grant. This funding supports programs that work to reduce accidents from speeding, encourage the proper use of seat belts and child seats, reduce accidents from driving while intoxicated, prevent and reduce accidents between motor vehicles and motorcycles, and improve law enforcement services in motor-vehicle accident prevention and traffic supervision, among other things. NHTSA also coordinates through federal-state partnerships, regulates and issues safety standards for passenger vehicles, and addresses compliance issues with safety standards by performing tests, inspections, and investigations.

- FMCSA receives funding for programs from the Highway Trust Fund. FMCSA is charged with establishing and enforcing standards for motor carrier vehicles and operations, hazardous materials, and the movement of household goods, among other things. FMCSA also conducts compliance reviews of motor carriers' operations at their places of business as well as roadside inspections of drivers and vehicles, and can assess a variety of penalties, including fines and orders for noncompliant motor carriers to cease interstate operations. The largest of the federal motor carrier safety-grant programs funded from the Highway Trust Fund—the Motor Carrier Safety Assistance Program Grants—provides funding to states to reduce crashes, fatalities, and injuries related to commercial motor vehicle transportation.

MAP-21 also authorized Highway Trust Fund funds to be used for agency's administrative expenses. Currently, FHWA, FMCSA, and NHTSA all receive funding from the Highway Trust Fund for administrative expenses. FTA does not currently receive funding from the Highway Trust Fund for administrative expenses but requested such funding for fiscal year 2015.

Highway Trust Fund Supported a Range of Activities, Such as Road and Bridge Improvements, and Expenses, but Collected and Reported Data Vary

FHWA collects and reports information on activities funded with obligations from the Highway Trust Fund. FHWA tracks this data for individual projects segments or contracts, but does not collect and report aggregate spending data at the project level for the majority of projects on a routine basis. FTA also collects data on the activities that are funded with Highway Trust Fund obligations each year, while NHTSA and FMCSA collect and report data on obligations from the Highway Trust Fund by grant programs. FHWA, NHTSA, and FMCSA also receive funding from the Highway Trust Fund for administrative expenses. Information on administrative obligations is available in annual budget requests.

FHWA Collects Some Information on Funded Highway Activities but Does Not Collect Some Project Data

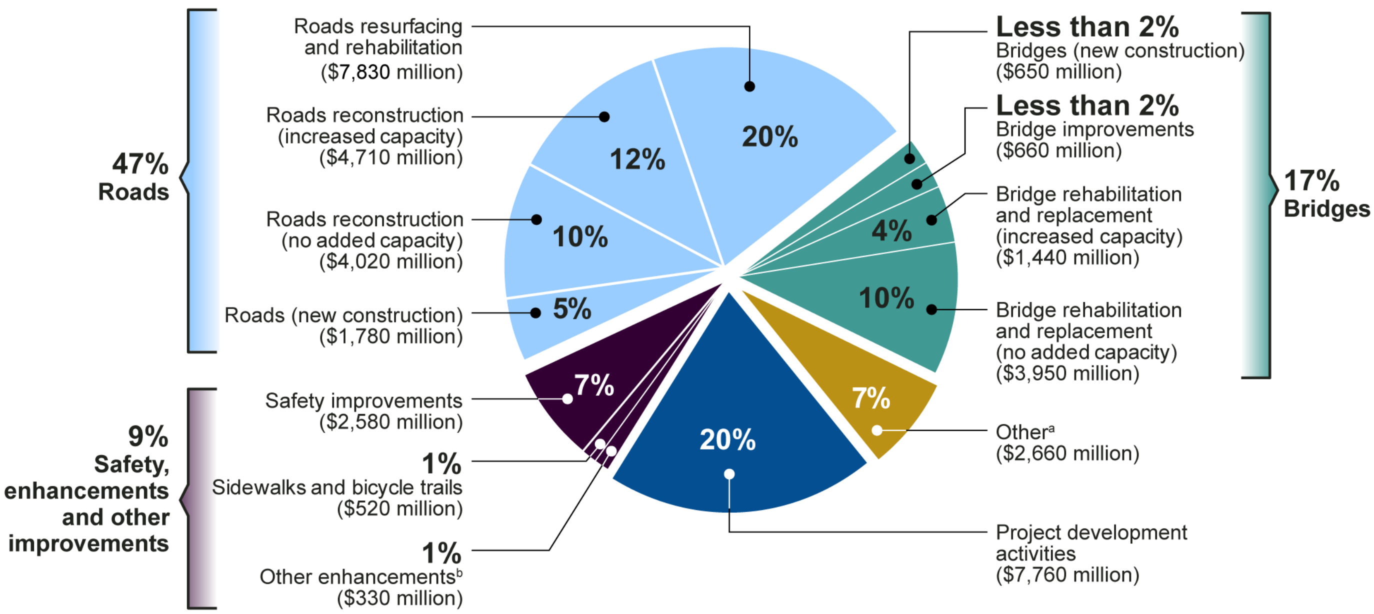
In fiscal year 2013, FHWA obligated about $41 billion from the Highway Trust Fund, most of which (about $39 billion) was apportioned to states for activities to improve the nation’s roadway and bridge infrastructure through the federal-aid highway program.[10] Our analysis of fiscal year 2013 federal-aid highway program obligations shows that states obligated most of this funding for road and bridge improvements (47 percent for roads in addition to 17 percent for bridges) (see fig. 2 below).[11] States obligated about 20 percent of Highway Trust Fund monies for project development activities including planning, engineering, and acquiring rights-of-way. Additionally, 9 percent was obligated for safety, enhancements and other improvements, including about 1 percent for sidewalks and bicycle trails.

[10]For the purposes of our analysis, we examined federal-aid highway program obligations for the 50 states, District of Columbia, and Puerto Rico. We excluded federal obligations made to American territories, such as Guam, and the Virgin Islands, from our analysis because under MAP-21, American territories receive direct allocations from the Highway Trust Fund rather than apportioned funding by formula. Total federal-aid highway obligations to American territories totaled about $39 million. Puerto Rico also receives direct allocations, but because Puerto Rico is generally treated like a state for various purposes including imposition of penalties and oversight, we kept obligations for Puerto Rico in our analysis.

[11]FHWA tracks obligations for federal-aid highway projects in FMIS and classifies these projects into 59 “improvement types,” which indicate the nature of work involved—such as new highway construction, bridge reconstruction—or safety enhancements such as sidewalk and pedestrian safety. For the purposes of our analysis, we reclassified these improvement types into 13 broader categories as described in appendix I.

We further analyzed road and bridge improvements and found that about 90 percent of obligations went toward reconstruction, resurfacing, and rehabilitation activities, while about 10 percent went toward new construction. Additional information about road and bridge improvements and funding by program are available in appendix II.

Figure 2: Federal Highway Administration Highway Trust Fund Obligations by Improvement Type, Fiscal Year 2013



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

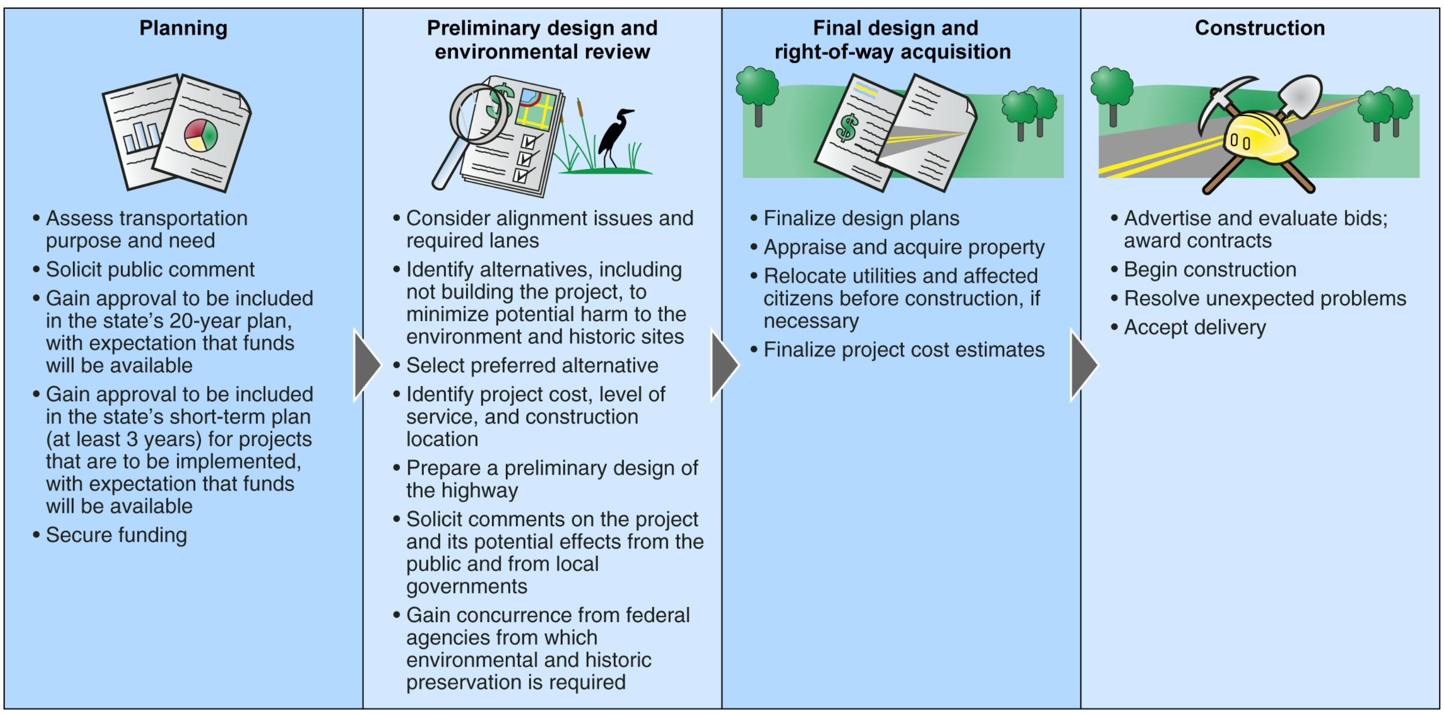
Notes: Percentages do not total 100 percent due to rounding. In addition, this figure includes Highway Trust Fund obligations for Emergency Relief projects which totaled $132 million in fiscal year 2013.

[a]The other" category includes among other things, the Vehicle Weight Enforcement Program, tunnel activities, and ferryboats, and entries that did not have an improvement type classification. The total amount of obligations for entries that did not have an improvement type classification was about $4 million in fiscal year 2013.

[b]The "other enhancements" category includes cultural enrichment activities such as scenic beautification efforts and historic preservation.

While FHWA collects information in FMIS on the type of activities funded with Highway Trust Fund monies, it does not currently collect and report aggregate spending data at the project level for the majority of projects on a routine basis.[12] This is because FHWA tracks data in FMIS for individual project segments or contracts, but not for an entire project. For example, as shown in figure 3, a new highway project generally has four stages: (1) planning, (2) preliminary design and environmental review, (3) final design and right-of-way acquisition and (4) construction. Each stage can include multiple project segments or contracts over many years with distinct obligations at any given time, and FHWA does not currently link all project segments or contracts associated with an entire project in FMIS. Although FHWA is able to collect and report federal obligations by individual contract, it is not able to aggregate this information to collect and report total federal obligations for an entire project.

Figure 3: Key Stages and Typical Steps in a New Highway Project



Source: GAO analysis of FHWA data. | GAO-15-33

[12]For the purposes of our report, we use the term "project" to refer to an entire infrastructure improvement project that includes all stages of project development (such as the planning, preliminary design and environmental review, final design and rights-of-way acquisition, and construction stage of a project).

According to FHWA officials, FHWA is able to track and report aggregate spending data for “major projects,” which are projects with a total cost of $500,000,000 or more, or other projects identified as such by the Secretary.[13] However, major projects are only a subset of all projects receiving federal-aid highway program funds, representing about 12 percent of all fiscal year 2013 federal-aid highway program spending (about $4.6 billion) for activities associated with 62 major projects.[14] See appendix III for additional information about federal obligations for major projects. FHWA could collect and report aggregate project-level data for all other projects in FMIS, but FHWA does not currently do so on a consistent basis. According to FHWA officials, currently, FMIS has two project-level data fields—”related project” and “state project numbers”—that could allow FHWA to identify project segments or contracts that are related to an entire project and track and identify total federal obligations. However, FHWA does not currently require state or division offices to use these data fields to link all project segments or contracts associated with an entire project. FHWA officials stated that although they have not conducted a cost analysis, they believe that requiring state and division offices to complete these two data fields in a consistent manner would result in increased costs to FHWA and states and would require additional resources. Specifically, FHWA would incur programming costs to make changes to FMIS to track this data. States could also incur costs to upgrade their own state systems to meet the new data-collection requirements. In addition, FHWA officials stated that not all states would be ready to adopt this change at the same time, leading to possible project delays and the potential for data reliability concerns. FHWA is preparing to modernize FMIS in fiscal year 2015, but according to officials, it does not have plans to make any changes to FMIS or to its policies that would require division offices to track aggregate project-level obligations in FMIS.

According to FHWA officials, it does not require states to track this information in FMIS because FHWA does not have a need to track all contracts associated with an entire project. According to FHWA officials, to obtain project data, FHWA will request such information directly from the state or division offices if it needs it. While FMIS is not a project

[13] 23 U.S. C § 106(h).

[14] In addition to this amount, $127 million was obligated to major projects from the General Fund in fiscal year 2013.

management system, FHWA does use FMIS data for some purposes, which would be facilitated if FMIS did capture project level data. For example, FHWA uses FMIS data for its Compliance Assessment Program, a part of FHWA's Risk-Based Project Stewardship and Oversight process. Specifically, FHWA draws a project population sample for each division office from FMIS and then randomly selects projects to review. The purpose of these reviews is to help provide reasonable assurance that federal-aid highway projects comply with key federal requirements. However, because FMIS does not aggregate project-level information, FHWA must use an alternative method to draw its project sample, which involves selecting construction contracts that were authorized in the last 12 months.

In addition, others and we have previously found that developing the capability to track and measure costs over the life of a project could help FHWA to better target its oversight efforts, identify the extent of and reasons for problems, and identify and transfer lessons learned. In 2005, we reviewed FHWA's use of FMIS data to track and analyze trends in cost growth on projects. We found that FHWA had established performance goals and measures to contain costs on projects other than major projects, but was not yet using these goals to identify problems on a state-by-state or project-by-project basis in order to target its oversight activities.[15] We further found that FHWA could use project data in FMIS to measure the extent to which it was meeting its cost-related goal for non-major projects across states and that FHWA could use this information to identify trends and share this information with its division offices to transfer lessons learned. However, we found that because FMIS did not track project-level data, tracking cost growth on entire projects could be difficult. Best practices for conducting effective oversight of large infrastructure projects such as those in the federal-aid highway program overseen by FHWA include identifying lessons learned from the successes and setbacks that occur on projects and transferring those lessons to other projects to prevent mistakes from being repeated and promote improved oversight. We recommended that FHWA take actions to develop the capability to track and measure costs over the life of projects. FHWA neither concurred nor disagreed with this recommendation. FHWA has since taken steps to track aggregate costs

[15] GAO, *Federal-Aid Highways: FHWA Needs a Comprehensive Approach to Improving Project Oversight*, GAO-05-173 (Washington, D.C.: Jan. 31, 2005).

for major projects in FMIS, but does not track aggregate costs for all other projects, which accounted for 88 percent of all projects receiving federal-aid highway obligations in fiscal year 2013. The capability to track and measure costs over the life of projects is important in order to be able to identify problems, target resources, and transfer lessons learned. Because one project can include many contracts over many years and FMIS does not automatically link contracts to projects, FHWA has little easily accessible information to help it determine the total overall costs of each project, other than the major projects. While FHWA officials told us that that tracking this information would be costly to FHWA and the states, it has not yet completed a cost analysis to estimate what these costs would be.

Similarly, in its 2005 review, the DOT Office of Inspector General found that as a result of not being able to aggregate related fields in FMIS, FHWA could not analyze overall project cost overruns and schedule delays.[16] The DOT OIG reported that unless FHWA develops an automated capability to identify the total cost of projects and any cost overruns, it would not have the most basic data needed to satisfy its grants management oversight responsibilities.

FTA, NHTSA, and FMCSA Collect Varying Levels of Data on Activities Funded with Highway Trust Fund Monies

FTA

FTA collects and reports information on activities funded with obligations from the Highway Trust Fund. FTA, through its grant management system—the Transportation Electronic Award and Management system, reports information on federal obligations in its annual statistical summaries, and makes this information publicly available on its website. The statistical summaries provide information about federal funds obligated each fiscal year for each of FTA’s grant programs by categories

[16]DOT Office of the Secretary, OIG, *FHWA Needs to Capture Basic Aggregate Cost and Schedule Data to Improve Its Oversight of Federal-Aid Funds,* MH-2005-046 (Washington, D.C.: Feb. 15, 2005).

of activities, such as obligations for “bus purchases” or “fixed guideway modernization” (such as rail purchases).

FTA obligated approximately $9 billion in fiscal year 2013 from the Mass Transit Account of the Highway Trust Fund through its Formula and Bus Grants programs. These grant programs provided funding for a range of activities, such as to modernize existing rail systems, to increase access to transportation in rural areas, and to restore, replace and acquire buses and other equipment.[17] As shown in table 1, FTA obligated about $3 billion for activities to modernize or improve existing fixed guideway systems, which include among other things, purchases and rehabilitation of rail equipment, and station enhancements. FTA also obligated about $1.5 billion and $2 billion, respectively, for bus purchases and other bus activities in fiscal year 2013.

[17]Some FTA grant programs were amended or were eliminated by MAP-21. For example, a portion of FTA’s discretionary Bus and Bus Facilities grant program that provided capital funding to transit providers for bus and bus facilities was eliminated and replaced by a new formula program, the Bus and Bus Facilities Formula Grants. In addition, according to FTA’s budget request for fiscal year 2015, the agency is increasing the amount it is requesting from the Highway Trust Fund, by requesting that Capital Investment Grants and the Emergency Relief Program, among others, be funded by the Highway Trust Fund rather than the General Fund.

Table 1: Federal Transit Administration Obligations from the Highway Trust Fund, Fiscal Year 2013

Activity category	Total obligations (dollars in millions)	Percentage
Fixed Guideway Modernization[a]	$3,100	34 %
Rail Vehicles	400	4
Bus Other[b]	2,219	24
Bus Purchase	1,496	17
Operating Assistance	847	9
Bus Support	576	6
Planning[c]	247	3
Formula funding awarded to New Starts[d]	128	1
Other research and Activities[e]	81	1
Highway Trust Fund Total	**$9,094**	

Source: GAO Analysis of FTA data. | GAO-15-33

Note: Percentages do not total 100% due to rounding.

[a]Includes rail purchases and rehabilitation, station enhancements, support equipment and facilities, and other activities.

[b]Includes activities related to bus lines and facilities, power distribution, communication equipment, administrative and capital management, and other transit enhancements.

[c]Includes statewide, metropolitan, and consolidated planning activities.

[d]This funding was obligated from the Highway Trust Fund for programs, such as the Urbanized Area Formula program and the Fixed Guideway Modernization program and these funds were subsequently awarded to New Starts projects. The New Starts program funds new or expanded transit projects, primarily bus and rail.

[e]Includes the Rural Transit Assistance Program, research and university research, oversight reviews, safety and security, and management training activities.

FMCSA

FMCSA collects and reports obligations from the Highway Trust Fund at the grant program level, in its grant management data system, Grant Solutions, and Delphi, DOT's accounting system. As shown in table 2, FMCSA obligated about $298 million in fiscal year 2013, primarily through grants to states to improve commercial motor carrier vehicle safety, border enforcement, and vehicle license and information systems programs. The largest of FMCSA's grant programs, the Motor Carrier Safety Assistance Program (MCSAP), provided $213 million (about 71 percent of FMCSA's total federal obligations) to states to help develop or implement programs to reduce commercial motor vehicle-involved accidents, fatalities, and injuries, through safety activities such as inspections.[18] FMCSA also provided funding to states through its border enforcement ($32 million) and vehicle licensing and registration ($29 million) grant programs, as well as funding for investments in data programs such as the Performance and Registration Information System Management Grant Program ($5 million), among others. FMCSA collects other information about its grant programs as part of its oversight and monitoring responsibilities in other information systems. For example, FMCSA collects data on activities that were funded with MCSAP grants in its Analysis and Information Online Data Dashboard.

[18]Most of FMCSA's funding for MCSAP goes to the Basic and Incentive grant programs. Under the Basic and Incentive grant programs, a state-led MCSAP program is eligible to apply for grant funding by submitting a Commercial Vehicle Safety Plan. While Basic grants are focused on initiating safety activities such as roadside inspections, Incentive grants are only provided after the state program has demonstrated safety improvement.

Table 2: Federal Motor Carrier Safety Administration Grant Programs' Obligations from the Highway Trust Fund, Fiscal Year 2013

Programs	Program description	Total obligations (dollars in millions)	Percentage
Motor Carrier Safety Assistance Program Grants[a]	Supports states in developing or implementing programs to improve commercial motor vehicle safety and reduce the number and severity of accidents.	$213	71 %
Border Enforcement Grants	Supports states in carrying out border commercial motor-vehicle safety programs and enforcement activities.	32	11
Commercial Drivers License Program Improvement Grant	Supports states to reduce the number and severity of commercial motor vehicle crashes by ensuring that only qualified drivers receive commercial driver's licenses.	29	10
Commercial Vehicle Information Systems and Networks Deployment	Supports states to improve information technology exchanges between government agencies and the motor carrier industry.	16	5
Performance and Registration Information System Management Grant Program	Helps reduce commercial motor vehicle accidents by using commercial vehicle registration systems.	5	2
Safety Data Improvement Grants	Supports states to collect accurate and complete commercial vehicle crash data.	3	1
		Total $298	

Source: GAO analysis of Federal Motor Carrier Safety data. | GAO-15-33

[a]The fiscal year 2013 obligation total for the Motor Carrier Safety Assistance Program Grants includes a $3 million dollar takedown for administrative expenses.

NHTSA

NHTSA collects and reports obligations from the Highway Trust Fund at the grant program level through its Grant Tracking System and Delphi, DOT's accounting system (see table 3). NHTSA obligated almost $600 million in fiscal year 2013 for state grant programs primarily geared towards safety efforts. About two-thirds of this funding was to two grant programs—the State and Community Highway Safety Grant Program and Impaired Driving Countermeasures Grant Program. These grants cover efforts related to data analysis, safety education, pedestrian safety publicity efforts, increasing seat belt and child seat awareness, reducing driving while intoxicated, and other areas. The remainder of NHTSA's program funding was for the Operations and Research account, including impaired driving programs, 911, and driver registration programs. As in previous years, NHTSA's Vehicle Safety Research program (about $140 million) was funded from the General Fund for fiscal year 2013.[19] NHTSA collects other information at the state level about its grant programs as part of its oversight and monitoring responsibilities in other information systems. For example, some states track types of activities funded with grant awards in NHTSA's Grant Tracking System. In addition, states report, in their annual Highway Safety Plan and annual report, activities funded within each grant program.

[19]However, for fiscal year 2015, NHTSA requested this program be funded from the Highway Trust Fund.

Table 3: National Highway Traffic Safety Administration Grant Programs' Obligations from the Highway Trust Fund, Fiscal Year 2013

Program[a]	Program description	Total obligations (dollars in millions)	Percentage
State and Community Highway Safety Grant Programs (formula grants)	Supports state highway safety programs designed to reduce traffic crashes and resulting deaths, injuries and property damage.	$234	40%
Impaired Driving Countermeasures Grant Program	Supports states to adopt and implement programs to reduce driving under the influence of alcohol and drugs.	139	23
Occupant Protection Incentive Grants	Supports states to adopt and implement effective programs to reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles.	55	9
State Traffic Safety Information System Improvements	Supports improvement of state data to help identify safety priorities.	50	8
Research and Analysis and Highway Safety Research	Funding for research on crash statistics and highway safety.	30	5
High Visibility Enforcement Program	Funding for the development, production, and use of broadcast and print media in carrying out traffic safety law enforcement campaigns.	29	5
Driving Safety Programs[b]	Supports state programs safety driving programs, by forming partnerships, conducting research, and providing demonstrations.	25	5
Distracted Driving	Supports state efforts to enact laws prohibiting texting while driving and youth cell phone use while driving.	11	2
In-Vehicle Alcohol Detection Device Research	Funding for research on devices that may prevent alcohol-impaired driving.	5	1
Motorcyclist Safety	Support state efforts to adopt motorcyclist safety and road awareness programs.	4	1
Emergency Medical Services[c]	Supports 911 assistance and standardization of emergency medical records.	4	Less than 1
National Driver Register and Driver Licensing	Supports information-gathering about problem drivers and efforts to improve licensing procedures.	4	Less than 1
		Total $592	

Source: GAO analysis of National Highway Traffic Safety Administration data | GAO-15-33

[a]This figures reflect obligated figures only. NHTSA is authorized to reallocate available amounts under the National Priority Safety programs for other authorized purposes. 23 U.S.C. §405(a)(1)(G). For this reason, there are differences between obligated expenses, unobligated expenses, and NHTSA's reported total budget for most of the grants.

[b]Includes operations and research support for Impaired Driving, Drug Impaired Driving, Safety Countermeasures, National Occupant Protection, and Enforcement Justice Services.

[c]Includes operations and research support for Emergency Medical Service, Enhanced 9-1-1/National 9-1-1 Office, and National Emergency Medical Services Information System.

DOT Administrations Supported a Range of Administrative Expenses with Highway Trust Fund Monies

Within DOT, FHWA, FMCSA, and NHTSA receive Highway Trust Fund monies for administrative expenses such as personnel salaries and benefits and rent.[20] There is no standard definition within DOT of what is considered an administrative expense. According to DOT officials, MAP-21 and appropriations language establish parameters for the types of activities that can be funded with Highway Trust Fund monies. For example, for FMCSA, administrative funds can be used for, among other things, personnel costs, administrative infrastructure, rent, information technology, programs for research, and such other expenses as may from time to time become necessary to implement statutory mandates of the Administration not funded from other sources. [21]

As shown in table 4, in fiscal year 2013, DOT agencies obligated a total of $752 million for administrative expenses funded from the Highway Trust Fund. This accounted for about 2 percent of Highway Trust Fund obligations by DOT's operating administrations. MAP-21 also authorized some of FHWA's Highway Trust Fund administrative expense funding to be used for specific programs including the Highway Use Tax Evasion Projects program[22] and On-The-Job Training Support Services program.[23] In fiscal year 2013, FHWA obligated $22 million for these programs. DOT agencies report information on administrative expenses paid from the Highway Trust Fund in their annual budget requests, which are publicly available.

[20]The Bureau of Transportation Statistics (BTS) also receives Highway Trust Fund monies for administrative expenses and in fiscal year 2013 received about $21 million.

[21]49 U.S.C. § 31104(i)(2).

[22]23 U.S.C. §143. The Highway Use Tax Evasion Projects program provides funding to the Internal Revenue Service, other federal agencies and states to carry out intergovernmental enforcement efforts along with training and research to reduce evasion of payment of motor fuel and other highway use taxes.

[23]23. U.S.C. § 140 (b). The FHWA On-the-Job Training Supportive Services Program provides services to highway construction contractors, highway construction apprentices and trainees to increase the overall effectiveness of a state highway agencies' approved training program and to seek other ways to increase the training opportunities for women, minorities, and disadvantaged individuals.

Table 4: Department of Transportation Activities Funded with Administrative Monies from the Highway Trust Fund, Fiscal Year 2013 (in Millions)

Agency	Fiscal year 2013
Federal Highway Administration	
• General Operating Expenses: Salaries and benefits, travel, transportation, rent, communications and utilities, printing, supplies and materials, equipment, land and structures, and other services	$415
• Other Programs: On-the-Job Training Supportive Services, Disadvantaged Business Enterprise Supportive Services, Highway Use Tax Evasion and others	$22
• Transfers: Appalachian Regional Commission	$2
Total	**$439**[a]
Federal Motor Carriers Administration	
• Programs and Operational Expenses: Salaries and benefits, travel, rent, training, supplies, equipment, contracts, working capital fund, other program costs (such as fleet, border facilities, academy, uniforms)	$196
• Contract Activities: Research and technology, information management, regulatory development, and outreach and education	$50
• Commercial Motor Vehicle Operating Grant	$1
• Motor Carrier Safety Assistance Program Grants takedown	$3
Total	**$250**[b]
National Highway Traffic Safety Administration	
• Operations and Research—Highway Safety Research and Development Administrative Expenses: Salaries and benefits, travel, transportation, rent, communications and utilities, printing, supplies, equipment, unallocated, and other services	$38
• Highway Traffic Safety Grants Administrative Expenses: Salaries and benefits, travel, transportation, rent, communications and utilities, printing, other services, supplies, equipment, and unallocated	$25
Total	**$63**
GRAND TOTAL	**$752 million**

Source: GAO analysis of fiscal year 2013 obligations data from the Federal Highway Administration, Federal Motor Carrier's Administration, and the National Highway Traffic Safety Administration and information in MAP-21. | GAO-15-33

[a]MAP-21 authorized $454,180,326 for fiscal year 2013.

[b]MAP-21 authorized $251,000,000 for fiscal year 2013.

DOT operating administrations have limited flexibility with respect to how Highway Trust Fund monies can be used for administrative expenses and limited flexibility for reallocating full-time equivalents (FTE) funded from the Highway Trust Fund. For example, NHTSA allocates FTEs by program, and no individual NHTSA employee is paid out of both the Highway Trust Fund and the general fund. NHTSA does have some flexibility to fund FTEs from either the Highway Trust Fund or the General

Fund with allocations made at the fund level based on the type of work assigned to the employee.[24]

Conclusions

Motor fuel taxes that support the Highway Trust Fund are eroding, resulting in fewer resources to fund surface transportation projects and requiring, in recent years, infusions of funding from general revenues. We have reported that continuing to fund the Highway Trust Fund through general revenues may not be sustainable given competing demands and the federal government's fiscal challenges, and that Congress and the Administration need to agree on a long-term plan for funding surface transportation. Given this situation, ensuring that Highway Trust Fund dollars are spent wisely and that its uses are transparent to Congress and the public is important. About $39 billion of FHWA's fiscal year 2013 Highway Trust Fund total obligations of $41 billion were distributed to states through the federal-aid highway program and FHWA is accountable for the efficient and effective use of these funds.

In recent years, FHWA has taken some positive steps to collect and report aggregate spending data for its "major" projects, but does not currently collect and report aggregate spending data for other projects, which represented nearly 88 percent of all fiscal year 2013 federal-aid highway obligations. FHWA could collect and report aggregate spending data for all projects in FMIS since the database already has two existing data fields that could be used to collect this information. According to FHWA officials, collecting this data in FMIS could result in some increased costs to states; however, FHWA does not have an estimate of what the associated costs for tracking this information would be to states. FHWA would have to collect further information on the costs and resources required to make these data fields mandatory and would need to develop data collection procedures to ensure state users are entering and reporting consistent data. FHWA is currently in the process of modernizing its FMIS database system, which could provide FHWA with an opportunity to explore options for further refining FMIS to collect

[24]Pursuant to long-standing appropriations principles, when two appropriations are available for the same purpose, an agency must select which to use, and once it has made an election, the agency must continue to use the same appropriation for that purpose unless the agency, at the beginning of the fiscal year, informs Congress of its intent to change for the next fiscal year. See, e.g., Comptroller General Decision, Funding for Army Repair Projects, B-272191, Nov. 4, 1997. See also GAO, *Unsubstantiated DOE Travel Payments*, GAO/RCED-96-58R (Washington, D.C.: Dec. 28, 1995).

consistent aggregate spending data for all projects or other options for collecting this information. Improving FMIS to allow states to provide project-level data could aid FHWA in its risk-based oversight of federal-aid highway programs by allowing FHWA to more easily draw consistent data for its compliance assessment reviews. In addition, collecting project-level data could assist FHWA in tracking and reporting information to Congress and the public about how the majority of federal funds from the Highway Trust Fund are being used.

Recommendation for Executive Action

To improve transparency and provide Congress and the public greater visibility into the types of highway activities funded with Highway Trust Fund monies, we recommend that the Secretary of Transportation direct the FHWA Administrator to explore the costs, feasibility, and options for collecting and publicly reporting consistent aggregate project-level spending data.

Agency Comments

We provided a draft of this report to DOT for its review and comment. DOT agreed with our recommendation and provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Transportation. In addition, this report will be available at no charge on GAO's website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or Flemings@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.

Sincerely yours,

Susan Fleming
Director, Physical Infrastructure Issues

Appendix I: Objective, Scope, and Methodology

The objective of this report was to examine what is known about the types of projects, activities, and federal administrative functions and expenses supported by the Department of Transportation (DOT) using Highway Trust Fund monies in fiscal year 2013.

To identify the types of projects, activities, and administrative expenses that have been undertaken using Highway Trust Fund monies in fiscal year 2013, we obtained and analyzed data from the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Motor Carrier Safety Administration (FMCSA) of fiscal year 2013 obligations for all programs and administrative expenses funded with Highway Trust Fund monies. According to DOT, these are the DOT agencies that can directly obligate funds from the Highway Trust Fund. For FHWA data, we obtained and analyzed data from FHWA's Fiscal Management Information System (FMIS) system, which is FHWA's major financial information system for tracking highway projects financed with federal-aid highway program funding. FHWA uses the information entered in FMIS for planning and executing program activities, evaluating program performance, and depicting financial trends and requirements relating to current and future funding. Specifically, we obtained FHWA data for projects with obligated funds in fiscal year 2013 (October 1, 2012, through September 30, 2013). For the purposes of our analysis, we included obligations for all 50 states, District of Columbia, and Puerto Rico, and excluded U.S. territories: American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands from this total. The data set that FHWA provided us, included data for the following data fields: (1) State, (2) Project Number, (3) Fund Source, (4) Recode, (5) Improvement Type (6) Fiscal year 2013 Federal Funds, and (7) Major Project. We analyzed the data to determine the total obligated federal funds for 59 improvement types.[1] We categorized these improvement types into 13 broader GAO categories and determined total federal obligations incurred for each of these categories. (See table 5). About $3.9 million of the entries in the FMIS database did not have an improvement type classification and for the purposes of our analysis, we classified these entries as 'other'. FHWA also provided us with fiscal year 2013 Highway Trust Fund obligations data for programs and administrative expenses not captured in FMIS.

[1]FMIS uses improvement types to indicate the main purpose or nature of the work relevant to the database entry.

Table 5: GAO Classification of Fiscal Management Information System's Improvement Codes

GAO categories	FMIS improvement code	FMIS improvement code description
Bridges (new construction)	8	Bridge new construction
Bridge rehabilitation and replacement (increased capacity)	10	Bridge replacement-added capacity
	13	Bridge rehabilitation-added capacity
Bridge rehabilitation and replacement (no added capacity)	11	Bridge replacement-no added capacity
	14	Bridge rehabilitation-no added capacity
Bridge improvement	9	Bridge replacement[a]
	12	Bridge rehabilitation
	40	Special bridge
	47	Bridge preventative maintenance
	48	Bridge protection
	49	Bridge inspection and related training
Roads (new construction)	1	New construction roadways
Roads -reconstruction (increased capacity)	3	4R-Reconstruction added capacity
Roads - reconstruction (no added capacity)	4	4R-Reconstruction no added capacity
Roads (resurfacing and rehabilitation)	5	4R-Maintenance resurfacing
	6	4R-Maintenance restoration & rehabilitation
	7	4R-Maintenance relocation
Safety improvement	21	Safety
	22	Rail or Highway crossing
	38	Safety and education for pedestrians and bicyclists
	57	Safety non-infrastructure
Sidewalks and bicycle trails	28	Facilities for pedestrians and bicycles
Other enhancements	29	Acquisition of scenic easements and scenic or historic sites
	30	Scenic or historic highway programs
	31	Landscaping and other scenic beautification
	32	Historic preservation
	33	Rehabilitation and operation of historic Transportation buildings, structures, or facilities
	34	Preservation of abandoned railway corridors
	35	Control and removal of outdoor advertising
	36	Archaeological planning & research
	37	Mitigation of water pollution due to highway runoff
	39	Establishment of transportation museums

GAO categories	FMIS improvement code	FMIS improvement code description
Project development activities	15	Preliminary engineering
	16	Right of way
	17	Construction engineering
	18	Planning
	19	Research
	43	Utilities
Other	20	Environmental only
	23	Transit
	24	Traffic management/engineering - HOV
	25	Vehicle weight enforcement program
	26	Ferry boats
	27	Administration
	41	Youth conservation service
	42	Training
	44	Other
	45	Debt service
	50	New tunnel
	51	Tunnel replacement
	52	Tunnel rehabilitation
	53	Tunnel preservation
	54	Tunnel protection
	55	Tunnel inspection and related training
	56	Other asset inspection
	58	Freight
		blank

Source: GAO classification of FHWA FMIS Improvement Codes. | GAO-15-33

[a]We included improvement code 9 (bridge replacement) in the ‘bridge improvement’ category rather than in the “bridge rehabilitation and replacement with increased capacity” or “bridge rehabilitation and replacement with no added capacity” categories, because FHWA’s definition for this code did not specify whether it is used for bridge rehabilitation and replacements projects resulting in increased or no added capacity.

We also reviewed documents from and conducted interviews with FHWA officials to gather information about: (1) the capabilities of FHWA’s FMIS database to track project-level data, (2) processes and protocols for tracking and entering project-level data in FMIS, and (3) extent to which FHWA uses FMIS data for project management and risk oversight purposes. To assess the reliability of data collected in FMIS, we reviewed available documentation and interviewed FHWA officials on the procedures used by FHWA and state Departments of Transportation (state DOT) to enter and verify financial information entered into FMIS.

We also conducted electronic testing for duplicate entries and missing values in the data we extracted from FMIS. We found the FMIS data elements we used in our report to be sufficiently reliable for the purposes of reporting federal obligations for fiscal year 2013.

For FTA we requested, obtained, and analyzed FTA data on Highway Trust Fund obligations for all programs in fiscal year 2013. FTA produced these data from its Transportation Electronic Award and Management (TEAM) system and provided us with total federal obligations by program and by 13 categories of activities that GAO reclassified into 9 categories of activities. We did not obtain administrative obligations data from FTA because FTA does not receive funding from the Highway Trust Fund for administrative expenses. Similarly, we requested, obtained, and analyzed NTHSA and FMCSA data on Highway Trust Fund obligations for all programs and administrative expenses during fiscal year 2013. Both agencies produced this data through Delphi, which is DOT's accounting system. We also reviewed publicly available information on FTA, NHTSA, and FMCSA fiscal year 2013 program and administrative obligations from the Highway Trust Fund. We interviewed officials from FTA, NHTSA, FMCSA, and obtained written information about steps taken to ensure the reliability of their data from TEAM and from the Delphi system. We determined that the data were sufficiently reliable for the purposes of this report. We reviewed relevant statutes, regulations, legislation, and other literature including prior GAO reports on Highway Trust Fund authorizations and the types of administrative expenses that can be funded with Highway Trust Fund dollars. We interviewed officials from the DOT, Office of Secretary of Transportation (OST) and the four DOT-operating administrations to obtain additional information on federal obligations from the Highway Trust Fund; the administration's process for tracking and monitoring these obligations; and the flexibility DOT and its operating administrations have to reallocate Highway Trust Fund dollars among offices and other functions. There is no standard definition of administrative expenses. However, for the purposes of our review, administrative expenses were defined as salaries, benefits, travel, and other service contracts.

We conducted this performance audit from March 2014 to October 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Detailed Analysis of FHWA's Data on Projects and Other Uses of Highway Trust Fund Monies

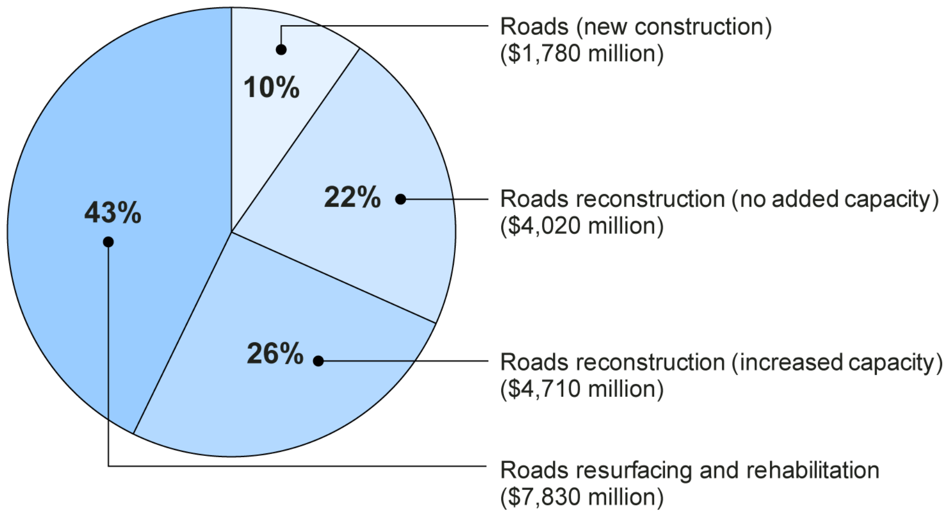
In fiscal year 2013, FHWA spent $41 billion from the Highway Trust Fund. Of this amount, $39 billion was apportioned to states through the federal-aid highway program. FHWA also spent about $2 billion of its $41 billion from the Highway Trust Fund for other purposes, including transfers to other DOT and non-DOT federal agencies ($610 million), Federal Lands Transportation Program ($558 million), and research activities ($438 million), among others. In fiscal year 2013, FHWA allocated Highway Trust monies to 28 agencies (8 DOT and 20 non-DOT agencies), including DOT's Federal Railroad Administration and the Department of Interior, among others.[1]

Our analysis of FHWA FMIS data of fiscal year 2013 obligations showed that about 47 percent of total federal obligations went to road improvements, and 17 percent went to bridge improvements. The majority of both road and bridge projects went toward reconstruction, resurfacing, and rehabilitation activities versus new construction. Specifically:

- For roads, about 43 percent was dedicated to resurfacing and rehabilitation of roads with most of the remainder going toward reconstruction with increased or no added capacity.
- For bridges, about 59 percent was dedicated for bridge rehabilitation and replacement with no added capacity and most of the remainder went toward rehabilitation and replacement with increased capacity and other bridge improvements. (See figs. 4 and 5).

[1]FHWA does not classify obligations made to these agencies, the Federal Lands program, and research activities in the same way it does for the federally assisted, state-administered federal-aid highway program because they are not state-apportioned, and as such, these obligations are not included in our analysis of federal-aid highway program obligations.

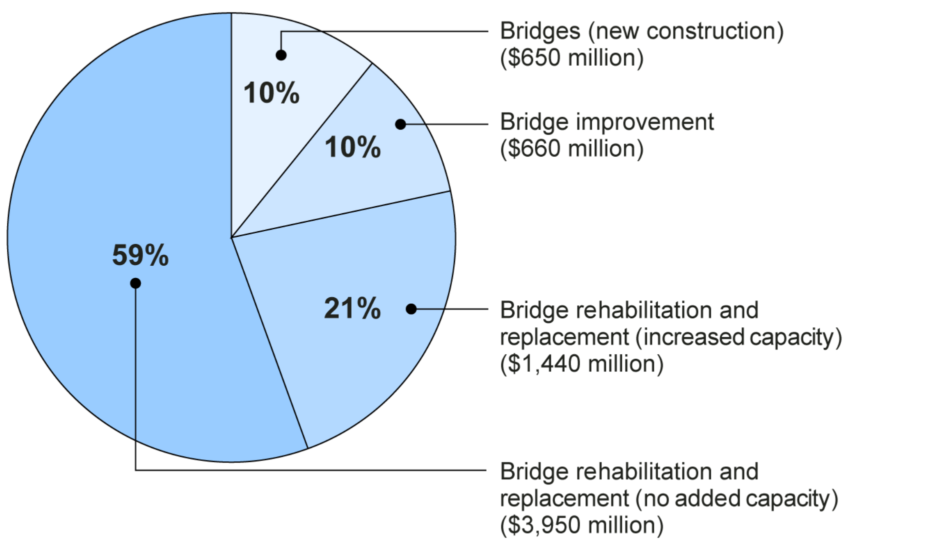
Figure 4: FHWA Fiscal Year 2013 Federal Obligations for Road Projects



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Note; Figures do not add to 100% due to rounding.

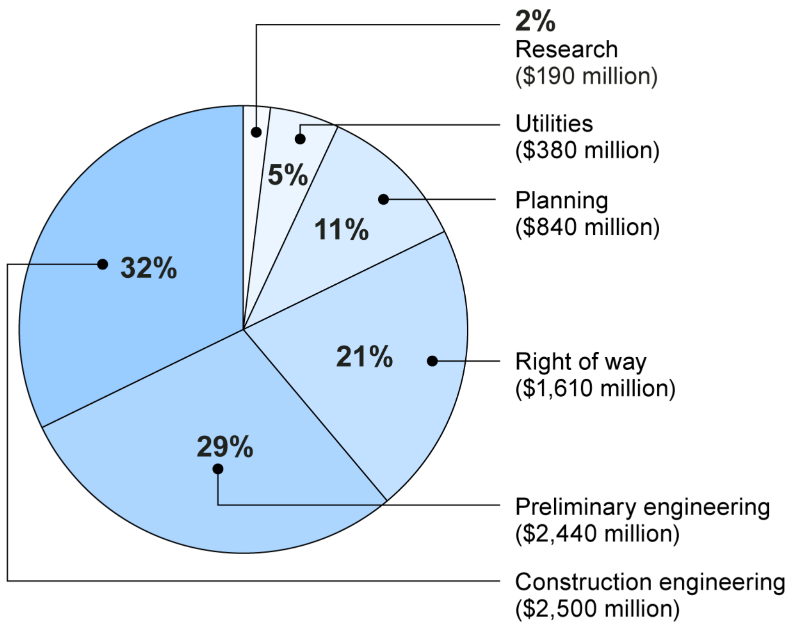
Figure 5: FHWA Fiscal Year 2013 Federal Obligations for Bridge Projects



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

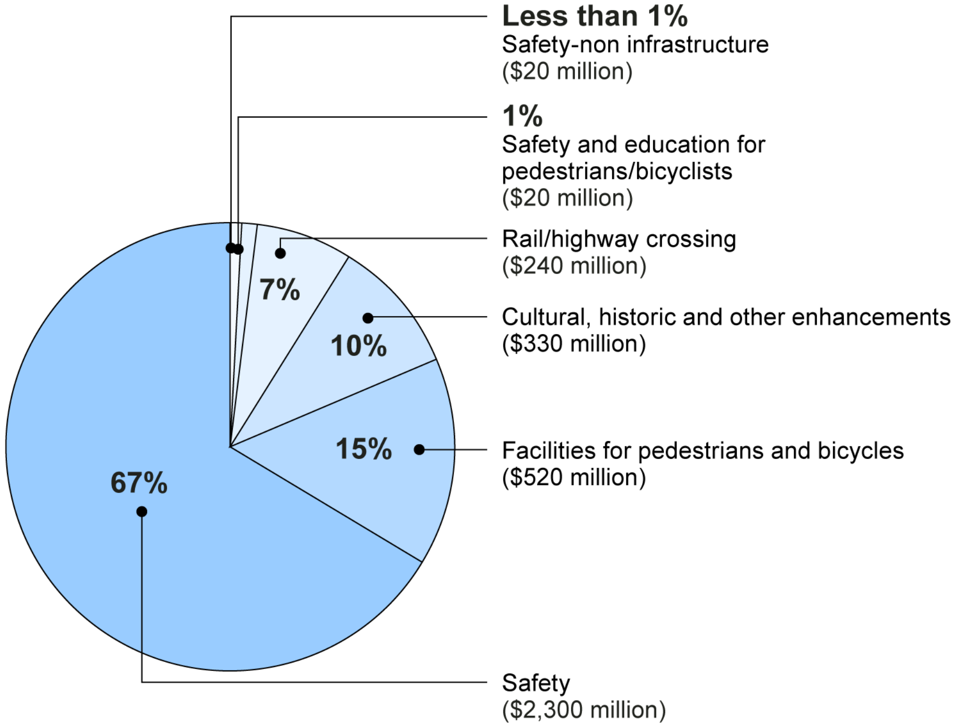
In addition, about 29 percent of FHWA federal-aid highway program obligations from the Highway Trust Fund went toward project development, safety, and other improvements. Project development activities include funding for activities such as preliminary engineering activities, construction engineering, research, and other planning activities. Our analysis of this data showed that most of this funding went toward construction engineering (32 percent) and preliminary engineering (29 percent). (See fig. 6.) Safety, enhancements, and other improvements include safety, safety education for pedestrians and bicyclists, and highway crossing activities, among others. Our analysis of this data showed that most of this funding went to safety activities (67 percent). An additional 15 percent went toward facilities for pedestrians and bicycles. (See fig. 7)

Figure 6: FHWA Fiscal Year 2013 Federal Obligations for Project Development Activities



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Figure 7: FHWA Fiscal Year 2013 Federal Obligations for Safety, Enhancements, and Other Improvements



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

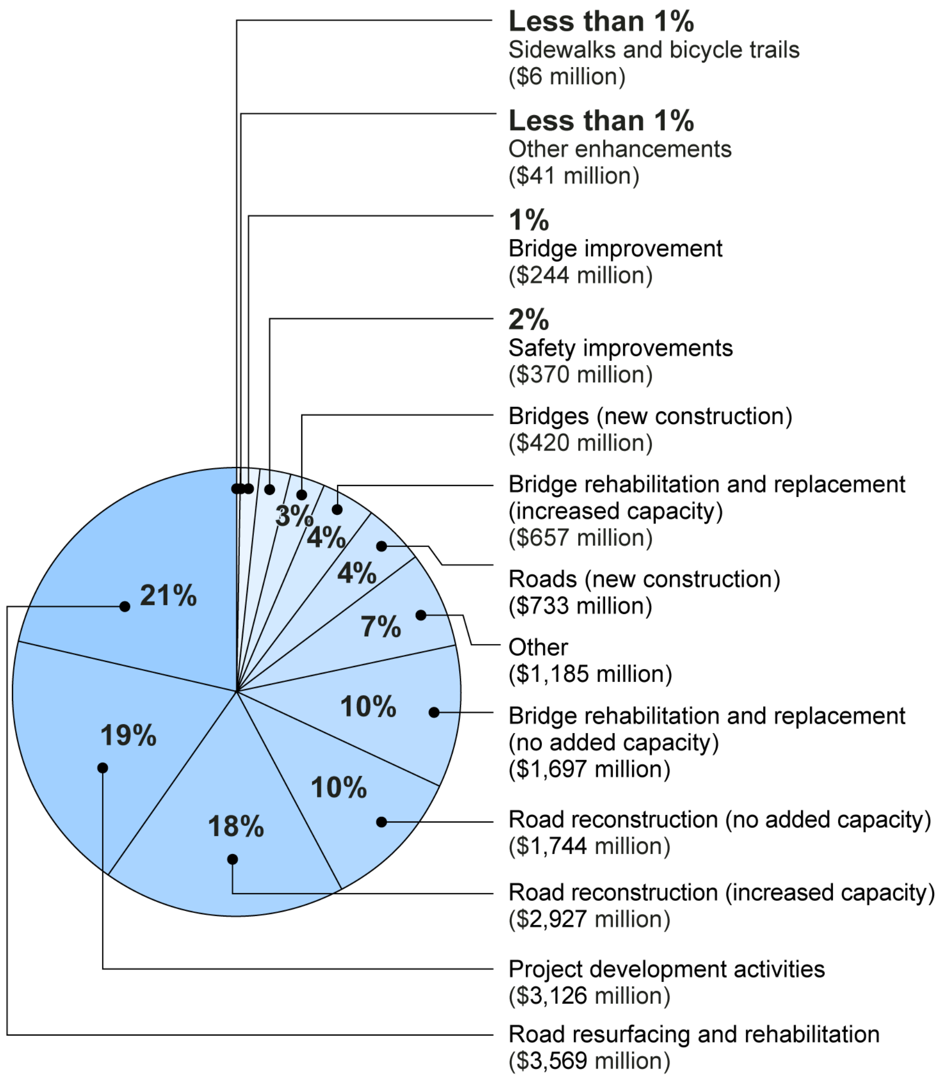
We also analyzed FHWA FMIS data of projects funded under each of FHWA's five core formula programs. These core programs account for $31 billion (about 76 percent) of the $41 billion that FHWA obligated from the Highway Trust Fund in fiscal year 2013. As discussed below, the types of activities funded under each of these programs varied widely. (See figs. 8-12).

- The National Highway Performance Program (about $17 billion) provides funding for improvements on the National Highway System such as construction, reconstruction, resurfacing, and rehabilitation of National Highway System segments. The majority of this funding was obligated for resurfacing and rehabilitation of roads (21 percent), project development activities (19 percent), and reconstruction of roads to increase capacity (18 percent).

- The Surface Transportation Program (approximately $11 billion) funds the federal share of projects that states and localities may carry out on federal-aid highway , including bridge projects, transit capital projects, and bus facilities. The majority of STP funding was obligated for resurfacing and rehabilitation of roads (26 percent), project development activities (20 percent), and reconstruction of roads with no added capacity (11 percent).

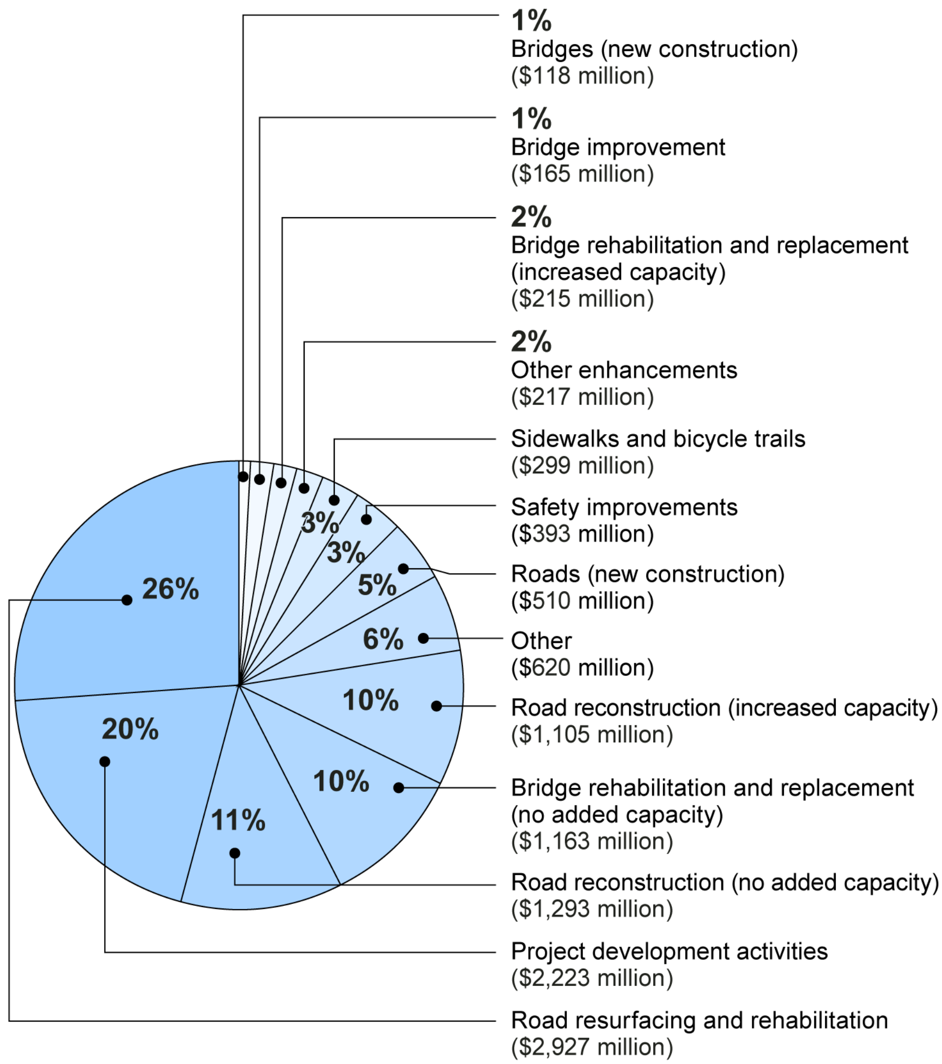
- The Highway Safety Improvement Program (approximately $2 billion) provides funding for activities that reduce the number of crashes, traffic fatalities, and serious injuries on public roads. Most of this funding was obligated for safety improvements (62 percent) and project development activities (20 percent).
- The Congestion Mitigation and Air Quality Improvement Program (about $1 billion) provides funding to state and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. About 21 percent of this funding was obligated to project development activities, and 24 percent was obligated to other activities, which included activities such as traffic management on high-occupancy vehicle lanes.
- The Transportation Alternatives program (approximately $111 million) provides funding for alternative transportation projects related to surface transportation, such as pedestrian and bicycle trails, community improvement activities, construction, planning, and design of infrastructure related projects and systems that provide safe routes for non-drivers. About 50 percent of this funding was obligated for sidewalks and bicycle trail activities, with most of the remainder obligated for project development (17 percent) and other (18 percent) activities.

Figure 8: FHWA Fiscal Year 2013 Federal Obligations for Projects Funded under the National Highway Performance Program



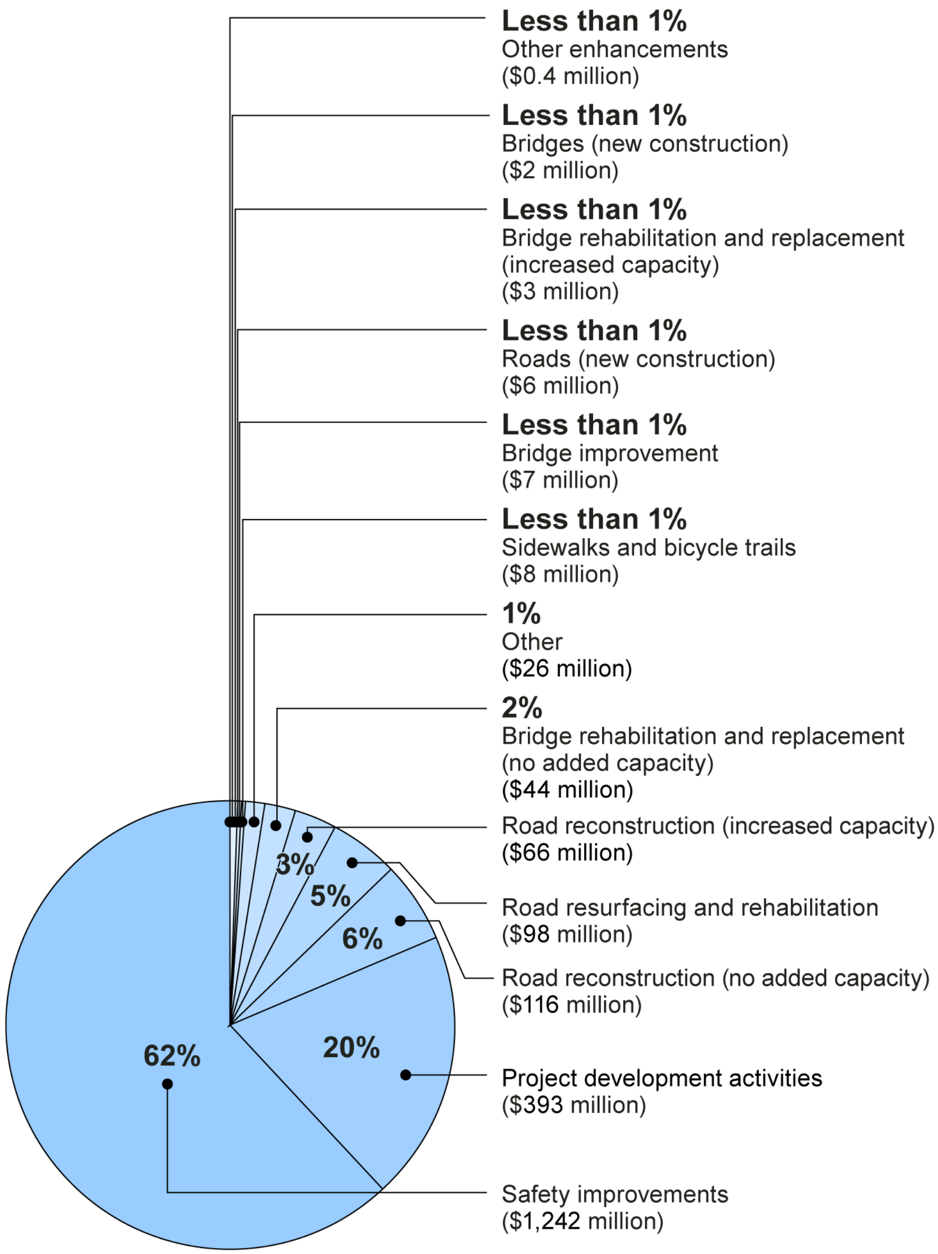
Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Figure 9: FHWA Fiscal Year 2013 Federal Obligations for Projects Funded under the Surface Transportation Program



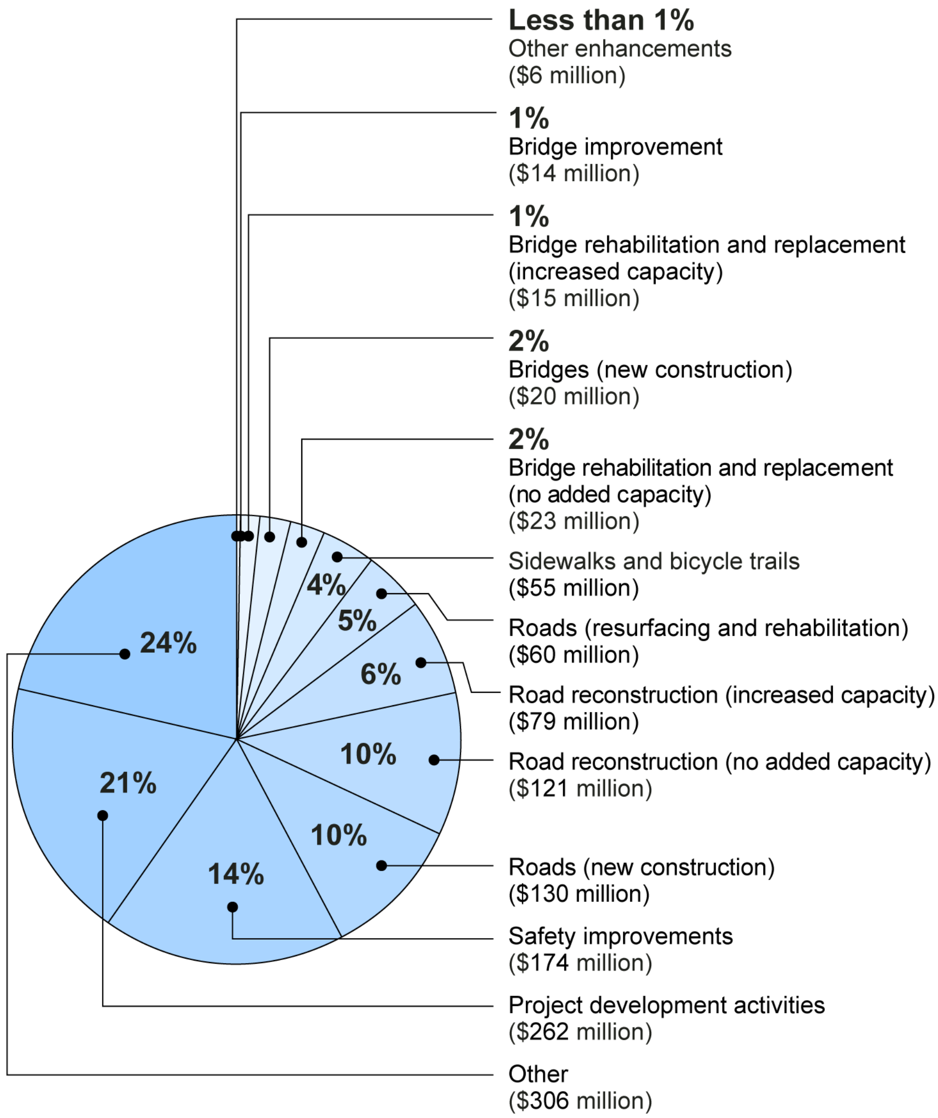
Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Figure 10: FHWA Fiscal Year 2013 Federal Obligations for Projects Funded under the Highway Safety Improvement Program



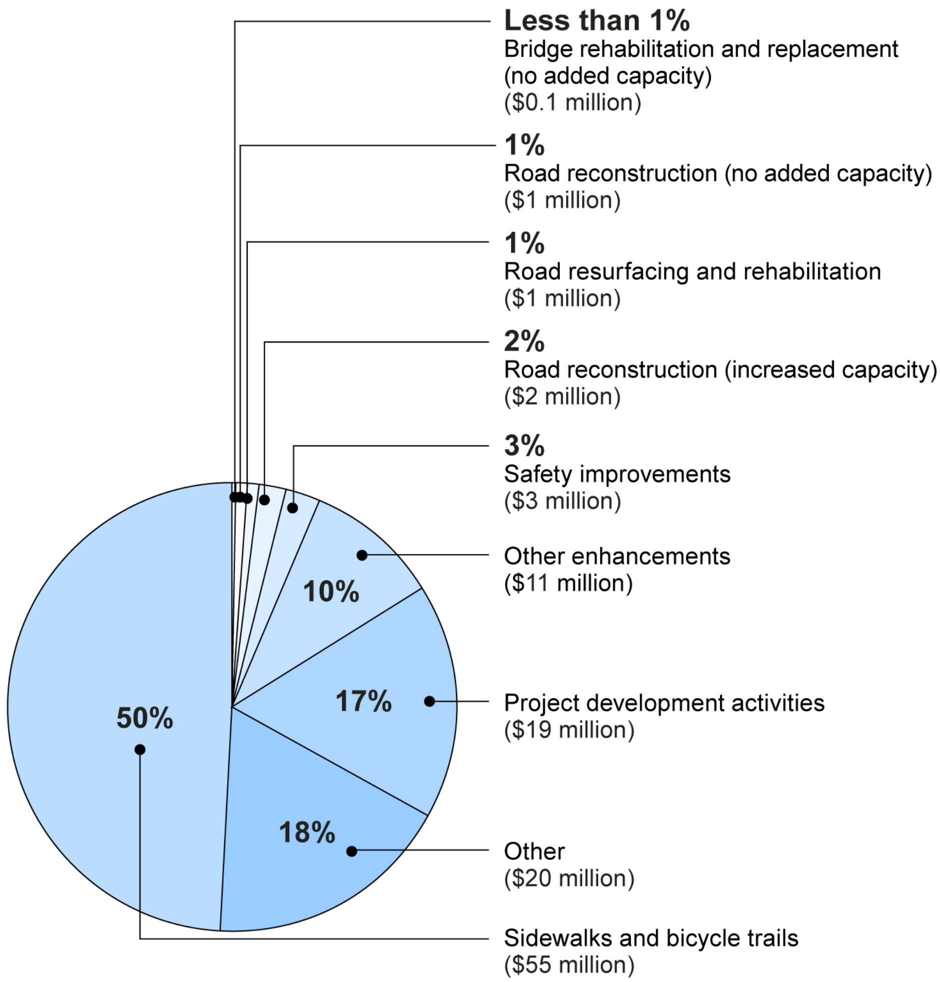
Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Figure 11: FHWA Fiscal Year 2013 Federal Obligations for Projects Funded under the Congestion Mitigation and Air Quality Program



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Figure 12: FHWA Fiscal Year 2013 Federal Obligations for Projects Funded under the Transportation Alternatives Program

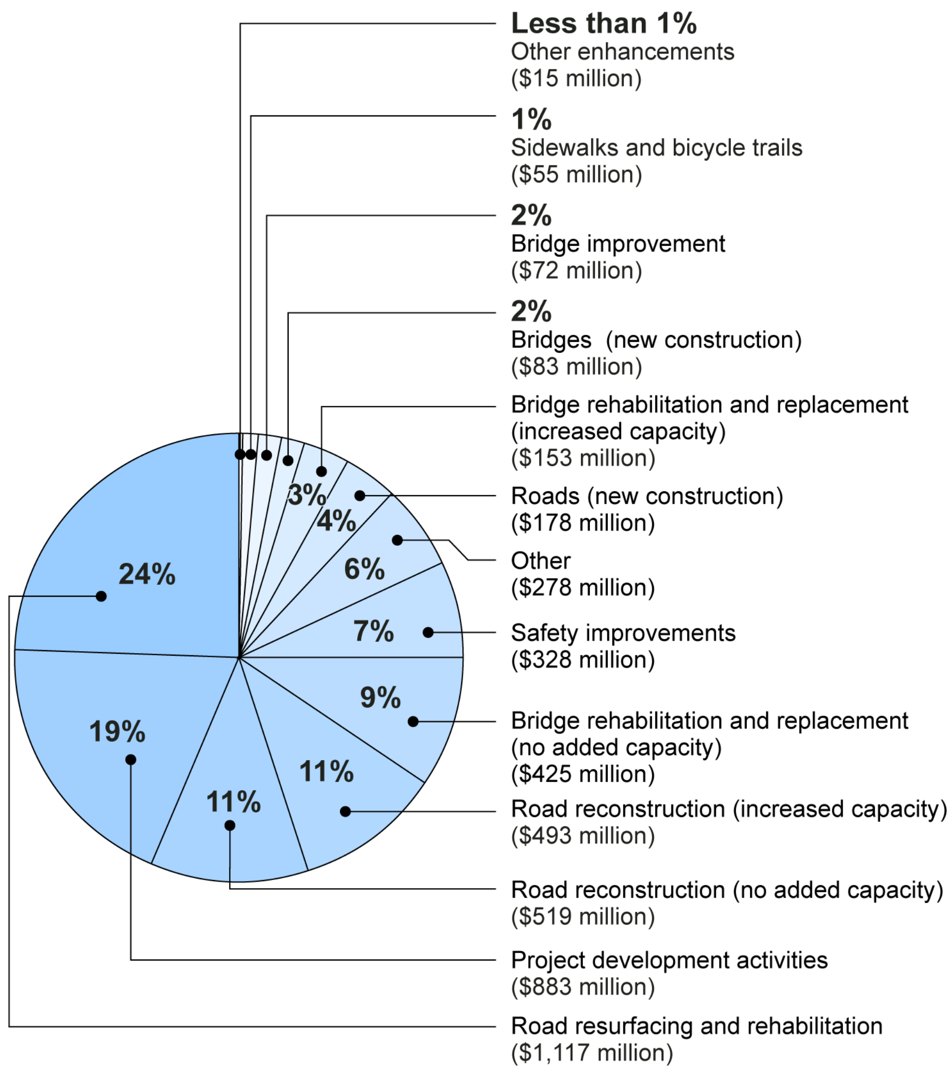


Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Appendix III: Analysis of FHWA Major Projects by Improvement Type

Our analysis of fiscal year 2013 federal-aid highway program obligations for “major” projects showed that over 40 percent of these funds were used for road resurfacing and rehabilitation (24 percent) and project development activities (19 percent). (See fig. 13.) About 6 percent of the funds were used for new construction of roads and bridges, while 7 percent were utilized for safety improvements.

Figure 13: FHWA Fiscal Year 2013 Federal Obligations for Major Projects



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Note: This analysis includes $4.5 billion in obligations from the Highway Trust Fund and an additional $127 million in obligations from the General Fund in fiscal year 2013 for a total of $4.6 billion in major projects obligations.

Appendix IV: Comments from the Department of Transportation

U.S. Department of Transportation
Office of the Secretary of Transportation

Assistant Secretary for Administration

1200 New Jersey Avenue, SE
Washington, DC 20590

SEP 25 2014

Susan Fleming
Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Fleming:

The Department of Transportation (DOT) serves as the primary steward of the Highway Trust Fund, and continues to provide comprehensive oversight over Highway Trust Fund monies and the programs that utilize these funds. The Highway Trust Fund serves as an essential source of funding not only for programs that improve and expand upon our nation's highway and transit infrastructure, but also for programs that enhance the safety of passenger and commercial vehicle travel on our nation's highways.

The Department also recognizes the importance of reliable highway and transit funding. A multi-year surface transportation authorization is essential for States' long term infrastructure planning and contributes to improving the efficiency of our Nation's highway and transit systems.

Based upon a review of GAO's report, DOT concurs with the recommended action and will work towards exploring the costs, feasibility, and options for collecting and reporting project-level highway spending data. The Department will provide a detailed response to the recommendation within 60 days of the GAO report's issuance.

We appreciate the opportunity to offer additional perspective on the GAO draft report. Please contact Martin Gertel, Director of Audit Relations, at (202) 366-5145 with any questions or if the GAO would like to obtain additional details about these comments.

Sincerely,

Brodi Fontenot
Assistant Secretary for Administration

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Susan Fleming, (202) 512-2834 or Flemings@gao.gov

Staff Acknowledgments

In addition to the contact named above, Steve Cohen, Assistant Director, Melissa Bodeau, Melinda Cordero, Tara Jayant, Mitchell Karpman, Leslie Locke, Maria Mercado, Sara Ann Moessbauer, Ruben Montes de Oca, and Crystal Wesco made key contributions to this report.

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