



# Testimony

## Testimony before the House Select Committee on Transportation Funding, Subcommittee on Funding *Improving Efficiency, Accountability and Transparency*

by Justin Keener  
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Chairman Darby and Members of the committee,

My name is Justin Keener and I am vice president of policy and communications with the Texas Public Policy Foundation. Thank you for the opportunity to testify today and share our thoughts on transportation funding.

There is no question that traffic congestion is increasing and our state's transportation infrastructure needs significant improvement. Compounding the problem, and the difficulty of the task you face, is that our local and state transportation agencies have drifted from their core functions into other activities, even though their funding has remained relatively static.

It is our recommendation that the Legislature use this opportunity to refocus our transportation agencies on congestion relief by implementing transportation reform that provides a strong framework of *accountability, transparency* and *efficiency*—applying much the same measure of accountability as desired for other core government functions such as public safety and education—where we strive to make sure dollars are tied with a measurable outcome, in this case congestion mitigation.

For the sake of brevity, I will generally limit the scope of my comments today to the Texas Department of Transportation (TxDOT) and transit agencies.

### **Efficiency—examine all spending; there should be no sacred cows**

The dilemma faced by the Legislature in providing greater congestion relief on our high-

ways is nearly identical to what is faced in balancing the state's next budget. In both cases, we believe the state's challenges can and should be addressed without increasing the tax burden on Texans.

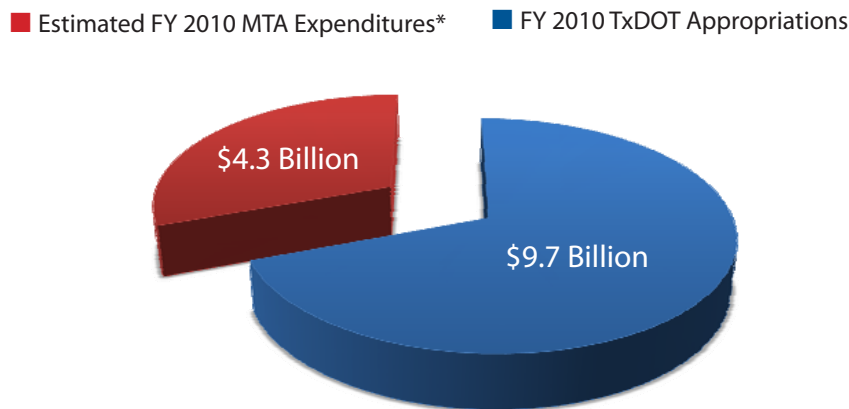
All existing funding within your influence should be scrutinized. No funding source or expenditures should be exempt from your review.

The first place nearly everyone agrees should be examined is any diversions from the gas tax to non-transportation purposes. We recognize this budget session will present a significant challenge for this to be effectively addressed, and a scalable solution may be required that will phase out diversions over a set period of time.

Beyond diversions, the committee should examine current transportation spending. Based on our initial analysis, approximately \$14 billion will be spent by the state and the state's eight metropolitan transit agencies. In FY 2010, \$9.7 billion was appropriated by the state to TxDOT (including \$1.6 billion in federal economic stimulus funds from the American Recovery and Reinvestment Act of 2009) while transit agencies roughly have a combined \$4.3 billion in budgeted expenses. Our estimate of transit agency expenditures is just that, an estimate, because many of the transit agencies do not have much financial information posted online.

To determine what spending can be eliminated, and what services can be consolidated or provided more efficiently, there is a clear process you can follow. Examine spending within all transportation providers in the

## Approximate FY 2010 TxDOT and Metropolitan Transit Authority Spending



\*Corpus Christi, Austin, Dallas, Denton, Fort Worth, Houston, El Paso, and San Antonio.

following order:

- Constitutionally required spending
- Statutorily required spending
- Rule required spending
- Federally mandated spending

If there are expenditures not required by the constitution, statute, rule, or the federal government, then that money should be immediately re-prioritized for congestion relief. Expenditures falling within these categories should be clearly identified, and the Legislature should consider whether or not changes in rule, statute, or the constitution are warranted. The focus of your review in these cases is to identify any and all spending that either:

- Does not directly contribute to congestion relief; or
- Could be more *effectively* spent to reduce congestion relief

How do you ensure limited dollars are spent more effectively on congestion relief? By implementing transportation reform that provides greater accountability and transparency.

### Accountability

The expenditure of public funds on transportation should be prioritized on those projects that deliver the greatest amount of congestion relief. We encourage the committee to review the following and identify whether or not changes should be made that better tie expenditures to congestion relief:

- TxDOT and transit agency mission statements
- TxDOT and transit agency performance measures
- TxDOT and transit agency project selection criteria

Each entity should also be required to report on its effectiveness with a calculation that is simple and easy for the public to understand. For the sake of example, we created the following Efficiency Index:

$$\text{Efficiency Index} = \frac{\text{Average number of daily persons who utilize the transportation system}}{\text{Total annual budget of the transportation agency}}$$

It is extremely important that the public receives an apples-to-apples comparison *regardless* of the mode of transportation. For instance, there are different ways to calculate ridership and usage, and many times one person can be counted multiple times simply because they transfer from a bus to a train, or they take a round trip. This makes it difficult for the public to know the efficiency of their transportation tax dollars.

### Transparency

The Texas Legislature and our statewide leadership deserve tremendous credit for making Texas state government one of the clear leaders in the national transparency movement. Few, if any, other states have adopted the kinds of transparency reforms that Texas has in place. The *Open Books Texas* initiative to *Where the Money Goes* to tracking the stimulus funds are all commendable examples of financial transparency in action that are helping taxpayers see how their money is spent.

## Metropolitan Transit Authority Transparency

	Budget	Financial Statements	Check Register
Corpus Christi Regional Transportation Authority	Yes	Yes	No
Capital Metro (Austin)	Yes	Yes	No
Dallas Area Rapid Transit	Yes	Yes	No
Denton County Transportation Authority	Yes	Yes	No
Fort Worth Transportation Authority	Yes*	No	No
Houston METRO	Yes	Yes	No
Sun Metro (El Paso)	Yes	No	No
VIA Metropolitan Transit (San Antonio)	No	Yes	No

\*Denotes that transit budget information is posted online; but is not independent from the city's budget.

Source: Texas Comptroller of Public Accounts

Recently, Texas Transportation Commission Chair Deirdre Delisi pledged to make TxDOT “the most transparent agency.” We commend her for this pledge and encourage TxDOT to enact measurable objectives towards this goal. Its updated website already represents a significant improvement in the accessibility of information for the public.

But while the state deserves praise for embracing numerous open government initiatives, Texas local governments do not yet deserve such praise—and that includes local transit authorities.

While a small handful of local governments have volunteered to post their check registers online—with Collin County Judge Keith Self taking the lead and making his county the first in the nation to do so—most units of local government have resisted the trend.

According to the Texas Comptroller’s local government transparency tracking website, *Texas Transparency Check-up*, many transit agencies post their budgets online, but some place them within the city’s online budget rather than on their own websites. Unlike the state, no transit agencies post their check registers online, and none have been recognized for their transparency efforts. In fact, the only special districts recognized by the Comptroller for their transparency efforts are Brushy Creek MUD, Lakeway MUD, and the Lower Colorado River Authority.

All transportation entities, from Councils of Government to tollway authorities, airports, and transit agencies, should be

required to post their budgets, check registers, and audits online. This is basic public information, yet in many cases it is not readily accessible to the average individual.

Because of the significant sums of money involved, these entities should also be required to post all winning and losing bids and proposals. There are already adequate safeguards in place to protect proprietary information without stifling the ability for such action.

### Conclusion

Thank you again for the opportunity to testify before your committee. The Texas Public Policy Foundation stands ready to work with you and your staff during the interim to address these matters. We firmly believe that our state’s challenges can and should be addressed within existing means—not just for transportation, but for all services. If our state is truly facing a transportation crisis, then all stakeholders bear the burden to place their resources on the table for examination as to their *efficiency, accountability, and transparency*.

### Recommendations

#### Efficiency

- Establish the framework for eliminating the diversion of transportation revenue to non-transportation purposes
- Review TxDOT and transit agency expenditures and categorize each expenditure in the following categories:
  - Constitutionally required spending,

- Statutorily required spending,
- Rule required spending, and
- Federally mandated spending.
- If expenditures do not fall within these categories, eliminate the spending and re-prioritize to congestion relief.
- Analyze remaining spending and identify any spending that either:
  - Does not directly contribute to congestion relief; or
  - Could be more *effectively* spent to reduce congestion relief.

### **Accountability**

- Review all transportation providers such as TxDOT and transit agencies who fall under the influence or oversight of the Legislature, and determine whether or not changes should be made that better tie their expenditures to congestion relief:
  - Review all mission statements,
  - Review all performance measures, and
  - Review all project selection criteria.

- Require all transportation providers to report on their effectiveness with a calculation that is simple and easy for the public to understand:
  - Efficiency Index = Average number of daily persons who utilize the transportation system/Total annual budget of the transportation agency; and
  - A “person” cannot be counted more than once.

### **Transparency**

- Require all transportation entities, such as COGs, airports, tollway authorities, and transit agencies, to post the following online:
  - Budgets,
  - Check Registers,
  - Audits,
  - Winning bids and proposals, and
  - Losing bids and proposals.

## **About the Texas Public Policy Foundation**

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute guided by the core principles of individual liberty, personal responsibility, private property rights, free markets, and limited government.

The Foundation’s mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach. Our goal is to lead the nation in public policy issues by using Texas as a model for reform.

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The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

