

## Why GAO Did This Study

In February 2009, the American Recovery and Reinvestment Act (Recovery Act) appropriated \$1.5 billion for discretionary grants for capital investments in surface transportation projects of national and regional significance, including highways, transit, rail, ports, and others. The act required the Department of Transportation (DOT) to develop criteria to award these grants—known as the Transportation Investment Generating Economic Recovery (TIGER) grants—and to meet several statutory requirements. GAO was asked to review (1) the criteria and process used to evaluate applications and award grants, (2) the outcome of the process, and (3) the extent to which DOT communicated information to applicants and the public. GAO reviewed documentation of the award process and selection documentation and interviewed key DOT officials.

## What GAO Recommends

Congress may wish to consider balancing the goals of merit-based selection of projects with geographic distribution of funds and limit, as appropriate, the influence of geographic considerations in any future DOT competitive discretionary grant program. GAO recommends that DOT document decisions in its review of applications and, in consultation with Congress, develop and implement a strategy to disclose information about its decisions. DOT provided technical comments on this report.

View [GAO-11-234](#) or key components. For more information, contact Phillip Herr at (202) 512-2834 or [herrp@gao.gov](mailto:herrp@gao.gov).

# SURFACE TRANSPORTATION

## Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions

### What GAO Found

#### Criteria and Process

DOT developed criteria to evaluate TIGER applications, such as improving the state of repair of critical infrastructure, reducing fatalities and injuries, and increasing economic competitiveness by improving the efficient movement of workers or goods. GAO has called for a more performance-oriented approach to funding surface transportation and has recommended that a merit-based competitive approach—like TIGER—be used to direct a portion of federal funds to transportation projects of national and regional significance. This is a departure from the formula-based approach regularly used for surface transportation in which funds are largely returned to their state of origin and states have considerable flexibility in selecting projects for these funds—an approach that can potentially result in projects of national or regional significance that cross state lines and involve more than one transportation mode not competing well at the state level for these funds. DOT provides over \$40 billion annually in formula funds to states and urbanized areas for highway and transit projects; by contrast, TIGER provided \$1.5 billion on a one-time basis. However, TIGER was part of the Recovery Act, which was intended to provide economic stimulus across the nation, and the act required TIGER to balance using a competitive approach with achieving an equitable geographic distribution of funds. DOT has proposed a discretionary grant program like TIGER in its fiscal year 2012 budget, which means that DOT and Congress have the opportunity to consider how to balance the goals of merit-based selection of projects with geographic distribution of funds.

The process DOT used to evaluate TIGER applications involved several teams. First, 10 Evaluation Teams of five reviewers assessed over 1,450 applications requesting almost \$60 billion. The evaluators drafted narratives explaining their assessments for each selection criterion, assigned ratings such as “highly recommended” and “recommended,” and advanced those that best met the merit-based criteria for further review. A Control and Calibration Team also selectively reviewed and advanced applications throughout the process to ensure consistency across the Evaluation Teams’ ratings and to help meet statutory requirements such as an equitable geographic distribution of funds. The Evaluation Teams advanced 115 highly recommended applications. The Control and Calibration Team advanced an additional 50 recommended applications as well as 1 not recommended application. Together, the teams advanced 166 applications for further review.

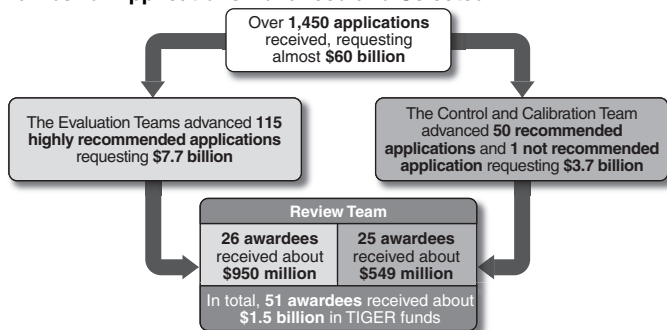
The TIGER Review Team, composed of 12 senior DOT officials, such as the Deputy Secretary and cognizant operating administrators, reviewed these 166 applications in a series of meetings over about 2 months. This team considered a broader set of factors than those considered by the Evaluation Teams. For example, it assessed the readiness of projects and confirmed the accuracy of information in applications, including whether project benefits outweighed costs. It also had to ensure that TIGER awardees, taken as a

whole, met the requirements of the Recovery Act, such as achieving an equitable geographic distribution of funds. The Review Team developed a memo with its final list of 51 projects that it recommended to the Secretary of Transportation for award, and all projects were accepted by the Secretary.

Outcomes

Of the 51 applications that received awards, 26 were from the highly recommended applications advanced by the Evaluation Teams and the other 25, which received one-third of TIGER funds, were from the recommended applications advanced by the Control and Calibration Team.

**Number of Applications Advanced and Selected**



Source: GAO analysis of DOT information.

While DOT thoroughly documented the Evaluation Teams’ assessments and the Review Team’s memo described the strengths of projects recommended for award, it did not document the Review Team’s final decisions and its rationale for selecting recommended projects for half the awards over highly recommended ones. Internal documentation of the Review Team’s deliberations was limited to draft minutes from the team’s initial assessments of projects. These draft minutes, which were not complete and never finalized or approved, reflect questions Review Team members raised about the strengths and weaknesses of various applications. For example, the Review Team questioned the extent to which financial commitments of project partners had been secured, whether projects were “ready-to-go,” or whether a project’s economic benefits were overstated. However, these questions did not necessarily reflect the reason a project was ultimately recommended or rejected for award. In addition, DOT officials told us that some highly recommended projects were not selected to achieve an equitable geographic distribution of award funds. In particular, DOT officials stated that some highly recommended projects from the Central and Western regions were rejected to prevent these regions from being overrepresented and that they advanced recommended projects from the South because projects initially selected for award underrepresented this region.

Because the Review Team was responsible for considering a wider range of factors than the Evaluation Teams, it is not unreasonable to expect that the Review Team’s deliberations could produce a different result. Furthermore, the draft minutes and GAO’s discussions with DOT officials provide some insight into the deliberations of the Review Team and indicate they raised some valid concerns about highly recommended projects. However, because no internal documentation from Review Team meetings exists in which final decisions to recommend or reject projects for award were made, DOT cannot definitively demonstrate the basis for its award selections, particularly the reasons why recommended projects were selected for half the awards over highly recommended ones. Developing internal documentation of agency activities is a key part of accountability for decisions, and DOT guidance states that officials should explain how discretionary grant projects were selected when projects with the highest priority in a technical review are not funded. The absence of documentation can give rise to challenges to the integrity of the decisions made, and DOT is vulnerable to criticism that projects were selected for reasons other than merit.

Communication

DOT’s TIGER program externally communicated outcome information similar to other Recovery Act competitive grant programs GAO examined, including the Review Team’s memo to the Secretary and the amount of funding awarded. As with most other programs, DOT did not publish the reasons for the Review Team’s decisions or why some applications were selected while others were rejected. GAO found no requirements for federal programs to externally communicate the reasons for their selection decisions and federal agencies rarely publicly disclose the reasons for their selection decisions. However, TIGER represented a new approach to funding projects on a competitive basis across many modes of transportation, including ports and freight projects that rarely compete for federal transportation funds and DOT has proposed a new \$2 billion discretionary grant program in fiscal year 2012 modeled after TIGER. Given this continued interest in awarding some transportation funds based on merit and performance—and GAO’s previous work supporting such an approach for projects of regional and national significance—disclosing additional information would give Congress a better basis to assess the merits of this new approach and the information it needs to judge whether and how to continue with it. Developing a strategy, in consultation with the Congress, to disclose additional information publicly would also help build confidence in DOT’s institutional ability to expertly administer a departmentwide, competitive program.