

CTDOT Review of the Reason Foundation Report Administrative Cost per Mile

The Reason Foundation has issued an annual statistical report comparing each State's Transportation performance for 23 years. The Connecticut Department of Transportation and many other State DOTs in the country believe the Reason analysis is not an accurate or fair representation of the true performance of the DOTs. This weakness is due in part to inconsistencies in the data used to make comparative ratings — it is very hard to make an “apples to apples” comparison. Another challenge of the report is its failure to incorporate the unique and complex organizational structures and programs of the nation's 50 Departments of Transportation.

The Reason report itself often cautions that the data can vary greatly from state to state or year to year. Furthermore, Reason caveats that “this report should not be viewed as a cost-effectiveness comparison of the state highway departments.”

Examples of the basic flaws inherent in the report include the following issues

Key Infrastructure Cost Drivers - The report does not take into consideration a number of factors that govern infrastructure costs. These include **infrastructure age, weather, cost of living and complexity** and **usage** of each's road system. Therefore, urban and rural states are ranked using the same criteria. Think Connecticut, North Dakota, New Mexico and Hawaii.

Overhead Definitions and Scope - The report does not consider unique responsibilities controlled and funded by the CTDOT. For example, Connecticut is uniquely a multi-modal transportation department with statewide responsibilities for highway, bridge, bus, rail and ferry services. Also, Connecticut DOT is unique as the owner of the New Haven Line between New Haven and NY, with full budget responsibility for the investments in the rail infrastructure, unlike any other state in the country.

State Budget Rules - The report does not consider differences in state budget structures for transportation. Many states do not include personnel benefits or costs for facilities in the DOT budget. Connecticut does.

Reason ranked Connecticut as 50th in the country for administrative costs at \$83,282 per mile. When some corrections are made to the basic data used by the Reason Foundation, the actual Administrative Cost per mile is completely different: Connecticut goes from 50th to 10th..

- **Fringe Allocations and Other Agency Costs** – CTDOT deducted expenses related to the Comptroller, DAS, DEEP, DMV and DSS offices. As a result of these changes in fringe allocations and properly classifying certain expenditures, Administrative costs for CTDOT are reduced from \$340 million to less than \$40 million. The included costs are the direct administrative items such as salaries of Department heads, other executive transportation and management officials, legal units, and accounting and budgeting sections. Note that the Reason Foundation data includes highway maintainers and plow drivers as well as personnel responsible for the statewide rail and bus system as “administrative costs” in their calculation of the administrative costs per mile of highway, which is why CTDOT had to correct these clear errors. This fundamental correction

would reduce the cost per mile to **less than \$10,000 and rank Connecticut 20th in this category nationally.**

- **Mileage Calculations** - CTDOT also corrected the number of miles used in the calculation. The Reason Foundation used route miles, not actual lane miles in their calculation. That means a one mile, one lane road is valued the same as one mile on a 12 lane interstate in Connecticut. When adjusting for total highway miles (10,800 vs. 4,079 miles used by the Reason Foundation), **the administrative cost to less than \$4,000 per lane mile and rank Connecticut 10th in this category nationally.**
- **Infrastructure Complexity** - The Reason Foundation treats a one mile, one lane dirt road the same as a one mile, 12 lane section of I-95 over the Pearl Harbor Memorial Bridge or a 1 mile section on I-84 over the Waterbury Mixmaster in CT. CTDOT has not adjusted the statistics for this, as the previous two adjustments have clearly demonstrated the fundamental flaws in the Reason Report.

With two simple corrections to the data, CTDOT demonstrated that we rank 10th in the nation, and that does not account for other important factors like system complexity, age, multi-modal responsibilities, seasonal impacts on construction and maintenance, regional cost of living and many other factors.

CTDOT agrees with the Reason Report advice that, **“this report should not be viewed as a cost-effectiveness comparison of the state highway departments.”**