

Evaluation of the
New Jersey Department of Transportation
Transportation Management Association
Grant Program

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Evaluation and Program Audit of the NJDOT TMA Grant Program

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Executive Summary

Background on the NJDOT TMA Grant Program and Non-New Jersey TMA Grant Programs

NJDOT TMA Grant Program

The NJDOT TMA Grant Program gives qualified TMAs up to \$400,000 annually to carry out traffic reduction and clean air initiatives. These dollars have funded the implementation of important national and state mandates. They have given the TMAs a stable financial base, diminishing the need for private funds. These subsidies however, have necessarily moved the TMAs away from a private focus. Consequently, the TMAs have less motivation to champion the needs of their private and local constituents. Long-term viability of TMAs requires finding a midpoint between maintaining a vibrant entrepreneurial presence in the private sector and ensuring that grant funds contribute to state goals and objectives efficiently and effectively.

Although these objectives are not necessarily in conflict, they may sometimes appear to be, as the public agency, in requiring necessary accountability, directs TMA attention toward oversight and control. To the TMAs this may appear to be a constraint on initiative and response. However, in response to TMA calls for more financial flexibility, NJDOT has changed the grant program to allow the TMAs to decide the optimal allocation of grant funds.

Non-New Jersey TMA Grant Programs

The uniqueness of the NJDOT TMA Grant Program becomes obvious when it is compared to those of California, Florida and Pennsylvania. In California, Caltrans--the State DOT--implemented the TMA Formation Grant Program in 1988. The program provides two sequential annual grants funded by the Federal Highway Administration (FHWA), totaling \$90,000: \$15,000 for the Feasibility Study Grant and \$75,000 to the Formation Grant. Since both grants are relatively small, TMAs must seek financial self-sufficiency as soon as possible. This has forced many TMAs to neglect their services, which has undermined Caltrans's hopes that the TMAs will become market-driven entities that identify and resolve local transportation problems through local actors. Instead, TMAs, in their efforts to become financially solvent, have been ineffective at alleviating

traffic congestion.

In Florida, the State's Department of Transportation (FDOT) started the Commuter Assistance Program (CAP) in 1989 in order to fund the formation and operation of Florida TMAs. Since its inception, the FDOT CAP Grant has given out six grants, with the highest one valued at \$219,000. CAP allows TMAs to provide baseline ridesharing services that are tailored to the TMA's members. Although achieving some success, FDOT has also experienced several difficulties. The most notable is the fact that FDOT allows up to 100% of the TMAs' private match to consist of in-kind contributions. As a result, many TMAs lose incentive to find private cash income and rely on FDOT funds as their primary source of cash income. Any TMA effort to raise private funds is complicated by public attitudes, which find no serious problems with Florida's traffic congestion and/or air quality, and the absence of federal CAAA mandates, which creates no impetus for businesses to support and join TMAs. FDOT's TMAs are also hampered by their poor understanding of TDM strategies as they implement them. In the midst of these difficulties though, a successful formula that calls for skilled leadership, a dedicated funding source, good programs, and a quality staff has been struck by the Orlando TMA, which has been very successful.

The PennDOT TMA Assistance Grant Program was created in 1993 to address with the CAAA mandates by reducing traffic congestion, encouraging private sector participation, and developing TMAs to become local transportation solvers. The grant program is authorized for three years, with the first two years providing 75% funding, up to \$75,000, of an approved TMA work program. The third year gives qualified TMAs 50% of their total funding. After the third year, PennDOT intends that TMAs become independent of state funding. In addition, TMAs must find a local cash match of 25% in year one and a 50% local cash match in years two and three, none of which may be in-kind contributions. TMAs must apply for PennDOT funding every year since acceptance for one year does not guarantee funding for the next one. PennDOT cites the grant program's greatest success as the establishment of relations between the public and private sectors. The grant's most significant problems are the potential lack of non-PennDOT funding and the absence of TMA performance standards.

Findings

Evaluation of the Grant Program

The effectiveness of the TMA Grant Program in terms of changing commuter behavior or lessening congestion or total vehicle miles is difficult, if not impossible, to measure. Evidence over the last few decades indicates that significantly changing travel behavior is extremely difficult in the absence of large, concrete incentives, and to expect this program to have more than a marginal short-term impact is probably unrealistic. However, the grant program appears to have had an impact on the communication and awareness of transportation issues. Further, it has unquestionably served as a conduit for communicating and to some degree implementing NJDOT policy.

Much of the grant program's effectiveness is related to the hybrid nature of the TMAs. While they serve the purposes of NJDOT, they are also representatives of the TMA members. If they become overly dependent on NJDOT, they will be perceived by their members as an arm of the state rather than as answerable to the membership. This would weaken TMA effectiveness. Businesses will be less likely to join, to be active, or to pay attention to what the TMA is doing. To effectively balance the dual responsibilities to the state and to their members, we recommend that the TMAs model themselves as Local Mobility Managers.

The Concept of Local Mobility Manager

Ideally a mobility manager would be responsible for coordinating public transportation within a given jurisdiction or area. The mobility manager would be knowledgeable about and take advantage of all of the transportation options to assure the highest affordable level of mobility. To accomplish this, the mobility manager would undertake most, if not all, of the following functions for their market areas:

- a Facilitating and coordinating transportation services in the local area and participation in planning for service improvement.

Developing systematic information about the prospects and problems in improving mobility in the jurisdiction, and sharing that information with other key players, including State DOT.

Educating leaders of the key local interest groups and the public-at-large about the need for moving away from the single occupant vehicle to more socially advantageous options and about the opportunities that exist for increasing mobility.

Brokering services for large employers and groups of smaller employers.

- Monitoring the quality of transportation services in the local area and making timely reports about conditions to other parties, including State DOT.

Overall Assessment of TMAs as Local Mobility Managers

If the assumption is correct that over the long-run the piper's patron calls the tune, the NJDOT TMAs may be becoming too dependent on federal and state mandates and money. While some TMA directors are cognizant of the importance of local support and assiduously maintain good relations with their members and clients, others are less active in developing and maintaining a culture of efficiency and autonomy.

As the state reviews the grant program, TMAs should be viewed as works in progress rather than completed works. Accordingly, the question to ask is what should they become and what measures are needed to promote the appropriate progress. The following are the requirements for increased TMA effectiveness:

1. *Philosophy and Values* - The TMAs need to be agents of the state *and*, at the same time, autonomous entities pursuing local mobility objectives. Part of the response will be found in incentives that promote both qualities.
2. *Policy* - This process would likely be advanced by a clearer statement defining the state's role with respect to the TMAs and explicitly recognizing and supporting their autonomous local role.
3. *Organization and Strategy* - Organizationally, the TMAs should be regarded as private, nonprofit organizations with their own missions, objectives, goals, and clients, capable of existing in some form without state support.
4. *Leadership* - The executive directors must be entrepreneurial.

5. *Business Methods* - The TMAs need to use sound, modern business methods, including the use of sound business plans that reflects local opportunities and conditions. They should also reflect the TMA's dual requirements as an agent of the state and as an autonomous organization serving its local client base.

Conclusion & Recommendations

The key issues for NJDOT involve fine-tuning the current policies and procedures to assure consistent performance with policy objectives, and to advance the institutional strength of the TMAs as nonprofit organizations with a local base.

Institutional Recommendations

Most of the institutional requirements for producing efficient and effective nonprofit organizations are already in place. Conceivably, the best practices in the most successful TMAs are attainable in the others through administrative action alone. NJDOT should begin by concentrating on leadership, which is a critical element of a successful nonprofit organization. For instance, NJDOT could utilize incentives to increase the likelihood that TMA executive directors will be well-versed in entrepreneurial, communication, negotiation, and motivation skills, as well as effective business methods. The following suggests several possibilities of achieving this end:

Administrative Policy - NJDOT could make clear, through administrative policy, their interest in quality of leadership by explicitly describing the qualifications it deems desirable.

More NJDOT Involvement Appointing TMA Executive Directors - NJDOT should take a stronger role in the selection of new and review of existing directors through its seat on the TMA boards.

Both of these measures may have the downside of being too interventionist in the affairs of nonprofit organizations. Policy interventions and micro managing through the board should be avoided at all cost. Alternatives that may be less intrusive are as follows:

Training Programs - Implement well-designed training programs that cover the critical leadership and business skills needed for success. If this option is pursued, consideration should be given to expand training programs to include the responsibilities of board members.

Enhance the NJDOT Representative's Role on TMA Boards - If this is done, intervention should be in the form of improving TMA processes.

Monitoring and Evaluation Recommendations

The need for evaluation can in part be met through careful and cautious monitoring. Over time NJDOT and the TMAs would benefit by the development of a performance based evaluation of the TMAs. This would begin with requiring the TMAs to expand their business plans to incorporate a more strategic, longer term perspective. Gradually TMAs could develop appropriate mission-driven or outcome oriented performance measures that begin to measure progress toward the TMAs' key objectives, including client services, mobility improvement, congestion abatement, and clean air attainment. If such an approach were initiated, it would be critical to recognize the need for realistic time frames as well as the difficulties of institutionalizing performance-based measures.

Additionally, NJDOT should have a standardized means of monitoring the TMAs against a base line and against each other, although this last should only be done with care, recognizing the differing circumstances of the TMAs. The collection and uniform compilation of quantitative annual data not only allows monitoring of individual TMA progress but becomes a source of information for a future evaluation of the Grant Program. Some quantitative performance measures that might be tracked include: percent of TMA budget from NJDOT Grant Program; ratio of TMA members to staff; and percent increase (or decrease) in membership from previous year.

Finally, the existence of a NJDOT representative on each TMA board should also be utilized as a means of evaluation. The representative should be asked for his or her evaluation of the efficiency of the TMA and of its effectiveness in achieving the NJDOT objectives, the TMA's mission, and the objectives of its board members. The NJDOT representative should also make an estimation of the leadership and managerial abilities of the TMA executive director, as well as how responsive the director is to the board.

Financial Recommendations

The TMAs should not look only to NJDOT for the source of their budgets; doing so will eventually lead to their effectively becoming extensions of NJDOT and losing both their autonomy and client orientation. Further, drawing all financial resources from two or three sources can be dangerous in this period of rapidly shifting priorities. To be more secure, the TMAs should be encouraged to seek many sources of funding, including grants

for special projects. Prominent in the other sources should be members dues and fees for service. This ensures that they are serving and representing their local constituents. To ensure that the TMAs maintain some autonomy, they should be required to provide at least 50 percent of their budget from non-NJDOT sources.

Additionally, the TMAs should receive a certain minimum percentage of revenue from their members to ensure that they are responsive to them. No specific amount presents itself as best; we suggest 30% as a reasonable level of member support. While membership or other local support might be partially in-kind, in-kind support should be kept to at most half of the required member and local support levels, and NJDOT should review the nature of the in-kind support so that it represents real resources to the TMAs.

It is difficult, if not impossible, for NJDOT as an outside organization to ensure entrepreneurship or even that the TMAs are fully responsive to local issues. However, there may be possibilities for instituting innovation incentives. One option may be to create a competitive or discretionary grant that is independent of the existing grants. The grant would go to the TMA that proposed the most innovative or creative project or service suited to the specific needs or characteristics of their service area or members. To ensure that it serves their constituents, a local match (from a quarter to half of the total cost, either in money or in-kind) would be required. NJDOT would not need to increase their budget for the TMA grant program in order to fund the innovation grant. It could be funded by reducing the maximum amount that each TMA could receive from the existing grant program by, say, \$50,000. The program should be kept flexible; NJDOT should feel free not to award any innovation grants if none of the projects were innovative or thought out. On the other hand, they might award more than one grant if two or more were worthwhile. This concept is in the brainstorming phase; if NJDOT were to go ahead with something along these lines, many aspects would have to be worked out. For example, what would be the basis for choosing projects, and who would decide.