



U.S. Department
of Transportation
**Federal Highway
Administration**

Office of the Administrator

March 20, 2009

1200 New Jersey Avenue, SE.
Washington, DC 20590

In Reply Refer To:
HIPA

Mr. Joseph F. Marie
Commissioner
Connecticut Department of
Transportation
Newington, CT 06131-7546

Dear Mr. Marie:

On March 3, President Barack Obama and Vice President Joe Biden joined Secretary of Transportation Ray LaHood at the Department of Transportation (DOT) to mark the release of \$26.6 billion of highway funds to the States under the American Recovery and Reinvestment Act of 2009 (Recovery Act). In addressing DOT officials, President Obama called the release "part of the largest new investment in America's infrastructure since President Eisenhower built the Interstate Highway System." I am writing to call your attention to the added responsibilities that go with this infusion of Recovery Act funding.

As President Obama pointed out, while we advance ready-to-go projects to construction as rapidly as possible, "we also need to ensure that tax dollars aren't wasted on projects that don't deliver results." The release of this funding, coupled with administration of regular Federal-aid highway funding, will require additional oversight on the part of your agency and ours. The Office of Management and Budget has illustrated the complexities ahead of us by identifying accountability risks that could prevent the Recovery Act funding from achieving the goals Congress and the President set for it. The risk areas are award of funds, transparency, use of funds, delays and overruns, program goals, personnel, and oversight.

It is critical that we take steps immediately to ensure we identify and address potential problems in the administration of projects and oversight of funding before they become real. As part of the oversight effort, the White House appointed an Inspector General to root out fraud, waste, and abuse in the use of Recovery Act funds. Secretary LaHood established the Transportation Investment Generating Economic Recovery (TIGER) team at the Department level to ensure accountability and transparency, and to oversee the required reporting.

In addition, we have developed measures to enhance our oversight of Recovery Act funding. We have asked our division offices to review the specific risks within each State, and discuss with you and your colleagues how to address them. We are also establishing several Recovery Act National Review Teams to work with our division offices and the State DOT's to review processes independently, identify potential problems, and ensure remedial measures are taken to address them.



Of particular concern are projects developed by Local Public Agencies (LPA). As a recipient of Recovery Act funds that are suballocated to LPAs, you bear congressionally mandated oversight responsibilities that have been heightened by the Recovery Act program. You are responsible for providing oversight to ensure subrecipients are qualified and properly staffed, and are complying with all statutory or regulatory requirements under Title 23, United States Code, and other applicable Federal laws, as well as the reporting requirements of the Recovery Act. Release of Recovery Act funding and the expectation of prompt results will put additional workload demands on LPA resources, leaving LPAs especially vulnerable

While we are reaching out to local agencies to try to ensure that LPAs fully understand the Recovery Act requirements, Title 23 requirements that govern the Federal-aid highway program, and the reporting requirements that are part of the acceptance of Recovery Act funds, we strongly recommend that you develop a formal plan for overseeing Recovery Act subrecipients. Included should be additional training for LPAs on the Federal requirements, wide dissemination of your Local Aid Procedures manual, and regular review of your subrecipients' documents and processes throughout the life of the Recovery Act.

In a spirit of cooperation and commitment, I am calling on you and your staff to help us meet the high standards President Obama has established for the productive use of the funds, transparency, and avoidance of fraud, waste, and abuse. I urge you to facilitate the work of our Division Offices and our National Review Teams as they review State DOT and LPA oversight mechanisms, and to cooperate in eliminating any deficiencies they may find.

In the coming weeks, I plan to initiate a teleconference that will further clarify our collective responsibilities in administering the Recovery Act program and to discuss how we can work together to ensure that the program is properly administered at the Federal, State, and local levels.

President Obama called this critical time "an extraordinary opportunity." We are proud of our role in the Federal economic recovery plan represented by this significant amount of additional funding under the Recovery Act for road and bridge work. The FHWA has worked hard to prepare for the successful implementation of the Recovery Act, and we very much appreciate the spirit of cooperation that exists with our State partners. The Recovery Act has put great responsibility in our hands, and I am confident that by building off and strengthening our longstanding partnership, we will help put the economy back on the road to recovery.

I am asking our Division Administrator to speak with you as soon as possible about our heightened oversight plans, but if I can provide further information or assistance, please feel free to call me.

Sincerely yours,



Jeffrey F. Paniati
Acting Deputy Administrator