



Report Highlights

Capital Outlay (House Bill 2) Transportation Projects - Response to House Resolution No. 169 of the 2023 Regular Legislative Session

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Audit Control # 40230017
Performance Audit Services • February 2024

Why We Conducted This Review

We conducted this evaluation in response to House Resolution (HR) No. 169 of the 2023 Regular Legislative Session, which requested that the legislative auditor provide information on projects administered by DOTD in House Bill 2 (HB2), including the priority level, project location, bond priority, general fund obligation, project status, expenditures to date, and estimated completion date for projects. HR 169 also requested any additional information the legislative auditor deemed relevant as well as recommendations for improvement.

What We Found

Our evaluation focused on the 34 transportation line-item projects that were included in HB2 during the 2017 Second Extraordinary Legislative Session and the progress made on each project through the 2023 Regular Legislative Session. We focused on a five-year period since the Division of Administration prepares the capital outlay budget for a five-year period. After evaluating the HB2 process, we identified five Matters for Legislative Consideration as recommendations for improvement. Overall, we found the following:

- **During the 2017 Second Extraordinary Legislative Session, 34 DOTD transportation projects were included in HB2 as separate line-item projects for fiscal year 2018. As of December 2023, 11 (32.4%) have not started construction because the projects are either in the pre-construction phase, waiting for full funding, or were cancelled.**

**Status of the 34 Transportation Line-Item Projects Authorized during
the 2017 Second Extraordinary Legislative Session
As of December 2023**

Project Status	Project Count	Total Expenditures/ Commitments
Completed	9	\$102,074,577
Under Construction	7	1,001,803,330
Ongoing Federal Projects*	5	260,501,009
Not Ready for Construction - In Pre-Construction Phase	5	64,482,398
Waiting for Full Funding	3	32,702,845
Cancelled**	3	6,201,910
Non-state Entity Project***	1	36,895,039
Transferred to Local	1	0
Total	34	\$1,504,661,108

* These projects are run by the U.S. Army Corps of Engineers, and project statuses are classified differently than other state line-item projects.

**Projects can be cancelled for multiple reasons, such as not being feasible, funding not being approved, reauthorization not being sought, etc.

*** These are non-state entity projects that DOTD does not administer.

Source: Prepared by legislative auditor's staff using information from HB2, LaGov, and by DOTD.

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What We Found (Cont.)

- **Transportation line-item projects in HB2 may not go through the established legislative approval process that is used for DOTD-administered programs, such as projects that are part of the Highway Priority Program (HPP) in HB2.** According to DOTD and OFPC, legislators may not always consult with them about their line-item projects (i.e., whether design plans are ready, whether the project is feasible, whether the project has estimated total costs, etc.) prior to including it in HB2. This may result in some requests either being partially funded, not being in the state highway system, or not being ready for construction (i.e., have not gone through DOTD's pre-construction phase). In addition, some non-state entity transportation line-item projects may be included in the DOTD section in HB2. Since DOTD is a state entity, the statutorily-required 25% match does not apply to these projects.
- **Transportation line-item projects are not guaranteed funding approval (i.e., line of credit) from the State Bond Commission (SBC).** The legislature includes more transportation projects than bonding capacity allows, and not all of the projects in HB2 are guaranteed funding from general obligation bonds. For example, HB2 of 2023 appropriated \$1,734,570,408 in Priority 1 general obligation bond funds, but limited the cash lines of credit the SBC can approve from general obligation bonds to \$1,451,887,938 (or 83.7% of the total appropriated) in fiscal year 2024, meaning that not all Priority 1 appropriations can be funded with general obligation bonds in fiscal year 2024 without further action.
- **Recent changes in the capital outlay process may impact each legislator's ability to fully understand the scope and cost of the projects prior to voting on the capital outlay bill. State law contains various exemptions that allows the submission of projects to HB2 after the November 1 deadline.** In the 2021 Regular Legislative Session, the legislature passed a new exception that allowed any state-owned or administered projects to be added to HB2 at any point during the ongoing legislative session.