

Making the Case for Funding: The WSDOT Experience

By

Daniela Bremmer, MPA
Director of Strategic Assessment
Washington State Department of Transportation
PO Box 47374
Olympia, WA 98504-7374
Voice: 360-705-7953
Fax: 360-705-6813
Email: bremmed@wsdot.wa.gov

James H. Bryan, Jr., MPA
Doctoral Student in Public Administration and Policy
Mark O. Hatfield School of Government
Portland State University
650 Urban Center Building
Portland, OR 97207
Voice: 503-867-7822
Email: bryanj@pdx.edu

Originally submitted July 31, 2007
Word count: 6,805 (excluding tables and figures)
Tables and figures: 2 (equivalent of 500 words)
Total, words and tables: 7,305

ABSTRACT

Even though an agency is performing well, the public may perceive that it is performing poorly. This is due to a lack of relevant information or an imbalance between what an agency knows about its performance versus what the public knows about agency management and results. This is also known as information asymmetry. This paper shows that information asymmetry and the resulting lack of support for agency funding can be corrected using effective, ethical communication. This requires that information be presented in a manner that is timely, clear, sincere, truthful, and legitimate.

WSDOT's response to a severe funding and accountability crisis is presented. While WSDOT was well regarded by its national peers as a high performance agency, public, media and legislative sentiment questioned its credibility and performance. WSDOT responded to this crisis by instituting a program of regular, timely performance reporting designed to effectively communicate results to the Legislature and the public and thus make the case for increased funding. Over a period of approximately 3 years, polling data changed from nearly 75 percent of voters stating they did not trust WSDOT to spend tax dollars wisely to just 12 percent. At the same time, two transportation tax increases (2003 and 2005) were approved and an initiative to repeal the 2005 tax increase was rejected by voters. The WSDOT case suggests that effective performance reporting, combined with strong leadership, is important for increasing agency credibility and securing funding.

INTRODUCTION

Transportation funding in Washington State has a long, complex history. An important part of this history is the funding and accountability crisis that challenged the Washington State Department of Transportation (WSDOT) at the beginning of the 21st century. A combination of factors put WSDOT in a precarious position that demanded quick action to correct the funding and accountability crisis. These factors included:

- Revenue erosion from voter cutback on transportation taxes from the passage of Initiative 695 (I-695) in 1999.
- The 2000 report from the state's Blue Ribbon Commission on Transportation and gubernatorial concerns over WSDOT's inefficiency and lack of accountability
- Media and talk show preoccupation with state's "transportation crisis"
- A Legislature embroiled in partisan and regional contentions
- WSDOT employee morale in the tank

To understand the significance of these factors that contributed to an accountability and funding crisis, a review of the history of the transportation funding debate in Washington State is helpful. While this history dates back to before the adoption of the State's Eighteenth Amendment in the middle of the 20th Century, the funding and accountability crisis history is situated around the time of the turn of the millennium.

Distrust of WSDOT's ability to do an effective job and anti-tax sentiment was reflected in voter's approval of a citizen-led initiative. In the fall of 1999, voters approved Initiative 695 which repealed the motor vehicle excise tax and lowered licensing fees for automobiles in Washington to \$30 per year. Even though I-695 was ultimately declared unconstitutional by the Washington State Supreme Court, the excise tax was repealed by legislative action at the Governor's request, and made retroactive to January 1, 2000. WSDOT was suddenly stripped of approximately one-third of its funding.

During the time that the I-695 debate raged, WSDOT's performance was being scrutinized. While WSDOT was well regarded by its national peers as a high performance agency, public, media and legislative sentiment within the state questioned its credibility and performance. Little was done by the agency to counter this perception. Growing concern about the ability of WSDOT to do its job in an efficient manner eventually prompted legislative and gubernatorial action. During the 1998 session, the legislature appropriated \$1 million to fund a study of the transportation situation in Washington State. This marked the creation of the Blue Ribbon Commission on Transportation. Subsequently, Governor Gary Locke appointed its members and tasked them to "analyze state transportation needs and funding issues and propose long-term solutions" (1). On November 29, 2000, the Commission's report was released. Two of the recommendations of the commission addressed the issue of WSDOT's accountability and performance: "1) Establish a single point of accountability at the state level, strengthening the role of the state in ensuring accountability of the stateside transportation system; and 2) Direct a thorough and independent performance review of WSDOT administration practices and staffing levels" (2). (These recommendations were eventually implemented but not until after WSDOT regained credibility and trust. Over eight separate performance audits have been conducted since 2001, yet none of the audits found significant improvement needs or shortcomings).

Such was the state of WSDOT five months later in April 2001, when its new Secretary of Transportation, Douglas MacDonald, was sworn in. His primary mandate was to restore confidence in WSDOT by enhancing accountability at the agency. His approach to

enhance accountability was to correct what this paper calls a state of information asymmetry between the WSDOT and the public by immediately initiating a program of regular performance reporting. A state of information asymmetry occurs when an agency's performance information is not effectively communicated to appropriate audiences. Information asymmetry can also be described as a state of an imbalance between what an agency knows about its performance versus what the public knows about the agency's performance. Theory supports the use of a program of timely, effectively communicated, regular performance reporting to correct information asymmetry.

INFORMATION ASSYMMETRY AND AGENCY PERFORMANCE DATA

The Rise of Performance Measurement

Before discussing the issue of information asymmetry, it is helpful to briefly review what is meant by performance measurement and reporting. The past two decades has witnessed a heightened interest in measuring the performance of government. Some credit for the increased interest can no doubt be given to the publication of Osborne and Gaebler's (1992) *Reinventing Government* (3), which advocates the application of private sector practices to the public sector including regular measurements of performance. The following year, the Clinton administration signaled buy-in for performance measurement with the publication of the National Performance Review (4). Specifically, the report's Step Two, "Holding all Federal Employees Accountable for Results," applauds the Government Performance and Results Act (GPRA) for requiring federal agencies to develop performance measurements, even if these measurements are qualitative rather than quantitative. With the support of the federal government behind it, focus on performance measurement gained traction and became associated with the New Public Management (NPM) movement (5). The NPM movement stresses accountability in government agencies in part through regular measurements of performance.

Information Asymmetry

Beyond a statutory requirement for measuring performance, public administrators have other reasons to measure and report agency performance. One of the most important of these reasons for performance reporting is to communicate agency effectiveness to citizens. The NPM movement affirms and WSDOT's experience shows, even when agencies are performing well, it is still possible that citizens can be dissatisfied with agency performance (6). The NPM movement posits that this dissatisfaction is due to information asymmetry, which can be corrected through effective citizen education.

It is important to note that the definition of "citizens" that is used in this paper is broad and includes legislators, the media, institutions (private, public, and NGOs), and individuals. This definition of "citizens" is based on the principle of accountability. Political scientist Manzetti writes: "Accountability is usually understood in political science as the act of informing about one's actions and answering and taking responsibility for them (7)." The definition of "citizens" uses this understanding of accountability, with agencies providing information about their actions to those to whom they must answer: legislators, the media, institutions, and individuals. The principles that are described in this paper are equally applicable to all these groups at all levels of government (federal, state, and municipal). It is also important to note that while there are many legislative and executive requirements to

involve citizens in the development of performance measures, there is a lack of legislative and executive requirements that these performance reports be prepared in a manner that *effectively* communicates the information. Similarly, while there is an extensive literature that addresses the development of performance measures, the literature is virtually devoid of research examining their effective communication.

In a somewhat pessimistic view of the information asymmetry problem, Swindell and Kelly assume that government has no option other than to assume that the information asymmetry problem is due to citizens' not getting the message when it has published information that it is performing well yet public opinion remains low (8). It is not surprising that Swindell and Kelly adopt this pessimistic view of the information asymmetry problem. In earlier work by one of the authors, input, output, and outcome measures were regressed against citizen satisfaction surveys, and no correlation was found (6). In other words, no matter what data are published about an agency's performance, public opinion will still be low. What this work fails to account for is the manner in which the data are communicated, a variable that this paper concedes is difficult to measure. Nevertheless, as the WSDOT experience shows, this paper argues that this assumption is incorrect and it misplaces the onus onto the citizen to understand information that may be at best too complex to understand or at worst ineffectively communicated.

Information asymmetry is not unique to public agencies. Moe notes that stockholders and corporate managers share a similar problem with information asymmetry (9). The point of departure between these two species of information asymmetry is that there are additional mechanisms available to stockholders, not available in the public sector, "that substitute remarkably well for direct knowledge – stock market evaluation of the company's profitability, labor market evaluation of a manager's economic value, the threat of takeovers" (9). Public agencies do, however, answer to their various principals through a process that is unique to that sector – constituent reaction to agency programs (10). This feedback mechanism has been called the "Decibel meter," (9) a term that refers to the level of public criticism.

Having examined the issue of information asymmetry, this paper now makes a general observation about its cause and its most important symptom. The information asymmetry problem, or information gap, is caused more by ineffective communication from the agency to the citizen than by the inability of citizens to comprehend information. Prior to the crisis, WSDOT had published many performance reports and was very involved in the quality movement involving frequent customer surveys and feedback processes. Yet the way the information previously presented was not clear, trustworthy or accountable. This experience supports the normative argument that the onus is on the agency to develop effective communication methods to correct the asymmetry. Often the most important visible symptom of this information gap is a lack of confidence that an agency is performing well, expressed as a hesitancy to approve an agency's budget requests and/or even a movement to reduce existing funding as in the I-695 voter initiative in Washington State.

Where do Citizens Get Information About Agency Performance?

Even when an agency is not producing performance information, citizens have other sources for obtaining information about an agency's performance. Unfortunately, there is a lack of empirical information, specific to performance reporting, about these alternate sources. There is, however, a large literature that addresses sources of political information that are available

to citizens. Not surprisingly, the consensus in the literature is that most people get their political information from the media.

Journalism Norms May Not be Conducive to Sharing Performance Information

Some scholars argue that it is the media's role to present news in a format that fosters citizen understanding of government (11). Government officials appear to be cognizant that the media play an important role in the communication of information about government to citizens (11). Keeping these two perspectives in mind, this paper reflects that communication of agency performance information to citizens through the media is difficult. Scholars have known for decades that the media rarely cover substantive issues in political reporting (12). There is a tendency for the media to report political news situated in the context of competing personalities or persons rather than report the substantive issues that are at stake in political competition. While an important ally and resource, agencies are ill-advised to rely only on the media as a means to correct information asymmetry.

Focusing on the persons rather than the policy issues and framing these issues as a competition has been dubbed the "game schema" (13). There are unfortunate consequences of the game schema: "The game schema, critics contend, offers the public a pinched, one-dimensional view of politics, and the substantive political information that citizens could use to understand public policy issues, formulate informed opinions, and hold politicians accountable is lost" (14).

Information asymmetry between government and the media is an obstacle that makes performance information communication via the media a less than optimal strategy. Fortunately, part of this information asymmetry problem can be corrected through effective communication of performance information to media outlets. As the WSDOT experience shows, agencies can publish well-communicated performance reports. Thus, quality information is available. At the same time, agencies must use all available tools such as the internet to share the agency's message while closely working with the media, ensuring that the quantity of information available to the media is adequate. Building a good relationship between the media and an agency is based on candor and making information easily accessible and useable.

In response, WSDOT has developed a communication approach called Performance Journalism that calls for the effective combination of reliable data, good graphs and compelling narratives (story telling). This paper's scope doesn't allow for a detailed description of this approach but it is presented in another paper submitted to TRB: *Bridging the Gap Between Agencies and Citizens: Performance Journalism Offers a Practical Solution to Communicate Performance Results* (Bremmer, Bryan).

Another primary cause of information asymmetry between an agency and the media is described by Sparrow (15) as a policy monopoly, or as this paper describes it, an information monopoly. In a policy monopoly, agencies are exclusive sources of important information, including performance data. Information is asymmetric in the case of a policy monopoly simply because an agency chooses not to release performance information.

Finally, in a review of additional sources of information citizens access to learn about agency performance, one must include personal experiences, anecdotal stories and family and friends. While difficult to assess, these can be powerful influences for forming citizen perspectives and opinions. Family members' and friends' knowledge of an agency and their

experiences might be influenced to at least a small degree by information from agencies, but more likely, are formed by personal experiences and observations.

Performance Communication Must be Comprehensible, Truthful, Sincere, and Legitimate

Correcting information asymmetry entails much more than simply disseminating information to individual citizens, legislators or other principals for whom an agency is acting as agent. The information must be communicated in an ethical manner. This paper situates ethical communication of performance information in the context of Habermas' theories of discourse ethics and communicative action, as described by Yuthas, Rogers, and Dillard (16). For communication to be ethical, it must satisfy four "validity claims" identified by Forester (17) which are that it be "comprehensible, truthful, sincere, and legitimate" (16, 17). For Habermas, communication is ethical when "communicative action" as opposed to "strategic action" is the goal. In communicative action, the goal of the speaker is to inform and achieve mutual understanding. In strategic action, the goal of the speaker is to manipulate and negatively influence or impede the decisions of a rational opponent. For example, strategic action is the approach used when agencies attempt to monopolize information during budget negotiations. Agencies may use jargon or complex language to intentionally reduce comprehension or omit important facts in the budget request document.

To engage in communicative action, agencies must satisfy the four validity claims by being comprehensible, truthful, sincere, and legitimate. As the case study below shows, truthful, sincere, comprehensible, and legitimate communication forms the basis of WSDOT's performance communication strategy.

THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION CASE

WSDOT's strategy to correct information asymmetry supports the argument that effective communication is key to correcting information asymmetry and the resulting lack of confidence about the ability of an agency to perform effectively. The state of affairs for WSDOT upon the arrival of Secretary MacDonald in April 2001 has been described. Attention is now turned to describing how WSDOT used effective communication of performance measurements and results to increase public perception of the agency's credibility and ultimately to secure funding. While the agency was perceived by the public as performing poorly, WSDOT was seen among its peers as a well-performing agency. The problem was that WSDOT's communication about its actual level of performance to the public was limited and ineffective.

The crisis in confidence that resulted from the lack of information might have been unheard of just twenty years prior. DOTs were once some of the most envied government organizations because they enjoyed secure funding sources not tied to performance. Increased infrastructure demand and the accompanying need for increased motor fuel taxes eventually came under the scrutiny of the public. As the *Puget Sound Business Journal* noted when discussing a ballot measure for increased fuel taxes submitted to Washington State citizens in November, 2002:

If we could turn back the clock a few decades, we might guess that the government program least likely to be caught up in taxpayer backlash would be transportation. After all, this is an area of public spending where we get

something tangible for our money. The results can be seen – and used – by those paying the cost.

For 30 years after World War II, highway builders were the envy of the rest of government. Their budgets were described as ‘revenue driven’ because their programs were geared to the amount of cash rolling in. Who guessed then that transportation would enjoy no exemption from the budget crunch and, in this state, would be on the spear point of the tax revolt? (18).

WSDOT’s accountability was at the top of the agenda over a year before the R-51 public debate began. The day after taking control of the agency, *The Seattle Post-Intelligencer* described the conditions that awaited MacDonald: “Highways are crowded and crumbling. Ferries need more cash to stay afloat. Lawmakers so far have no solutions. At the center of it all is the state Department of Transportation, spending \$1.25 billion a year to plug the holes” (19).

In an email message to all WSDOT employees on his first day as Secretary, MacDonald recognized that there was a lack of support in the legislature. He wrote, “We all hope that new levels of support will soon be available for meeting the state’s transportation needs. But whatever happens next in the legislature, we must show that we are the agency to help deliver key projects – projects that will relieve traffic congestion and sustain the economic vitality of our state.” MacDonald realized that accountability was the key to gaining this support. In that same email, he wrote, “We must particularly assure our neighbors and fellow citizens that we understand their demands for accountability and performance from this Department. Good beginnings have been made at WSDOT in meeting these expectations, but we cannot rest until the Department has earned everyone’s recognition and respect for ‘best in class’ customer-service and public accountability.”

MacDonald also recognized that the information gap between WSDOT and the public needed to be corrected. In a press interview, he commented about his plans to *The Seattle Post-Intelligencer* in the days just before taking charge at WSDOT: “For right now, in the next few weeks, I want to make sure transportation information is cogently and cohesively accessible to people.” (19). The media reported: “MacDonald wants what he calls ‘performance indicators’ made more meaningful to the public. To him, an indicator is ‘when you can tell people that there are fish where there were no fish before; that you can swim on beaches that were closed, and drinking water tastes better’” (19).

The first challenge, however, was to deal with the Legislature to secure funding to rehabilitate the state’s aging transportation infrastructure. MacDonald knew that he had to act quickly because time was of the essence. Within three weeks of being sworn in as Secretary of Transportation, WSDOT produced its first quarterly report, *Measures, Markers, and Mileposts*, also known as the *Gray Notebook*. Released on May 14, 2001, this document explained on the front cover, “The periodic report is prepared by WSDOT staff to track a variety of performance and accountability measures for routine review by the Transportation Commission and others” (emphasis added). The “others” was key to MacDonald’s strategy to correct information asymmetry, with the primary target audience for the performance report being the Legislature. Copies of this seven-page document were sent to key legislators and committee staff including all members and staffers on the legislative committees that

dealt with transportation. The media were also copied on the document, and WSDOT put it on its website.

Media reaction to the agency's performance measurement document was almost instant. In one article published in November 2001, a *Seattle Post-Intelligencer* reporter commented: "While the Legislature didn't act on [requiring performance reporting], Doug MacDonald, who took office in April, adopted his own method for doing this by publishing a quarterly 'Gray Notebook' that tracks performance of departmental programs" (20). In a separate report, MacDonald's Gray Notebook was described: "MacDonald is adopting performance benchmarks within his agency, a recommendation high on the list of the governor's Blue Ribbon Commission of Transportation last year. His quarterly *Gray Notebook* was adapted from one he used on the court-ordered cleanup of Boston Harbor" (21).

State government officials also took notice of the *Gray Notebook*. After the second edition was published, The Washington State Office of Financial Management commented in July 2001, "These reports are among the best I've seen in Washington state government for using performance measurement data to tell the agency's story."

In the legislative session held early in 2001, lawmakers stayed in Olympia until July in an extended session grappling in part with the issue of raising the gas tax to provide the much-needed funding to address transportation infrastructure. Despite the extended session, no funding solution was reached and the Legislature adjourned. By the late fall of 2001, it appeared that the information asymmetry problem between WSDOT and the Legislature had begun to be resolved. Coming into the 2002 legislative session, there was optimism that a funding package would be proposed. At the same time, anti-tax sentiment combined with the immediate downturn in the region's economy in the months immediately following the September 11, 2001, attacks made legislative approval of a gas tax increase unlikely. Some political observers predicted that legislators would propose a transportation package, but submit it to the voters in the form of a referendum. They were correct, and the package was submitted to the voters in the form of Referendum 51 (R-51) on the November 2002 general election ballot. Placement of the issue on the ballot marked a significant turning point. The legislature was convinced that WSDOT could perform, but the political climate moved the vote to the general election.

With R-51, Washington voters were asked to consider a \$7.8 billion transportation funding package. R-51 proposed raising these moneys by increasing the gas tax by 9 cents over two years (5 cents effective January 1, 2003, and 4 additional cents effective January 1, 2004), additional state sales taxes of 1 percent on new and used automobiles, and a 30 percent increase in gross weight fees for trucks over 10,000 pounds (22). Proponents of R-51 argued that the state's public roads and freeways badly needed safety, mobility, and preservation programs that could not be completed without increased taxes. Opponents agreed that safety, mobility, and preservation programs were needed, but argued that R-51 provided funding to start these programs, but did not ensure that funding was adequate to complete these projects without "multiple future tax increases" (23). After an extensive campaign by both sides, R-51 ultimately failed with 62 percent of voters rejecting the measure.

At that time, WSDOT had a good record of delivery of capital improvement projects, but did not generate specific performance reports on those results. WSDOT had been publishing *The Gray Notebook* for 18 months now, resulting in enhanced credibility with

legislators and policy makers. While the message had certainly reached the Legislature, the message had not reached the general public. Despite the good performance record of WSDOT, the department was not informing citizens, which this paper posits was the cause of distrust, not the agency's actual record. It was clear to WSDOT that yet another push and communication effort was needed.

Straight Talk

Even those voters who recognized the Puget Sound region's problem with congestion were hesitant to vote for the package. One Puget Sound area taxpayer commented, "I think Washington has one of the highest gas taxes in the nation already and I think our transportation dollars are not being handled effectively. They just can't keep asking for money, money, money, money with no results. I'm not opposed to voting for something in the future, but I'm tired of writing a blank check" (24). This comment illustrates some of the misconceptions that persisted with the public. At the time, Washington State did not have one of the highest gas taxes in the country. In addition, post-election polls indicated "nearly three-quarters [of opponents] questioned the ability of state government to spend the money well" in contrast to "63 percent [who] said they didn't like the amount of the tax increase" (25). Clearly, public education was needed to correct information asymmetry.

The information asymmetry problem between WSDOT and the legislature was resolved, but not between the agency and the voters. State Representative Ruth Fisher, then co-chair of the House Transportation Committee, commented about MacDonald's education efforts in 2001. Her comments summed up why the asymmetry problem persisted: "He's talking to transportation nuts. He needs to convince the voters that DOT is doing a good job. We really need the money" (21).

MacDonald addressed the need to educate the public in his comments after the defeat of R-51, when he kicked off a series of state-wide "Straight-Talk About Transportation" public education sessions. Straight Talk was a significant effort to educate the public, media, and policy-makers about the state of transportation funding in Washington State, an education effort that had never been tried before. He commented that his first priority was to "Meet voters' demand for better accountability in highway and transit construction" (26). Figure 1 includes an example of the information that was presented in these sessions.

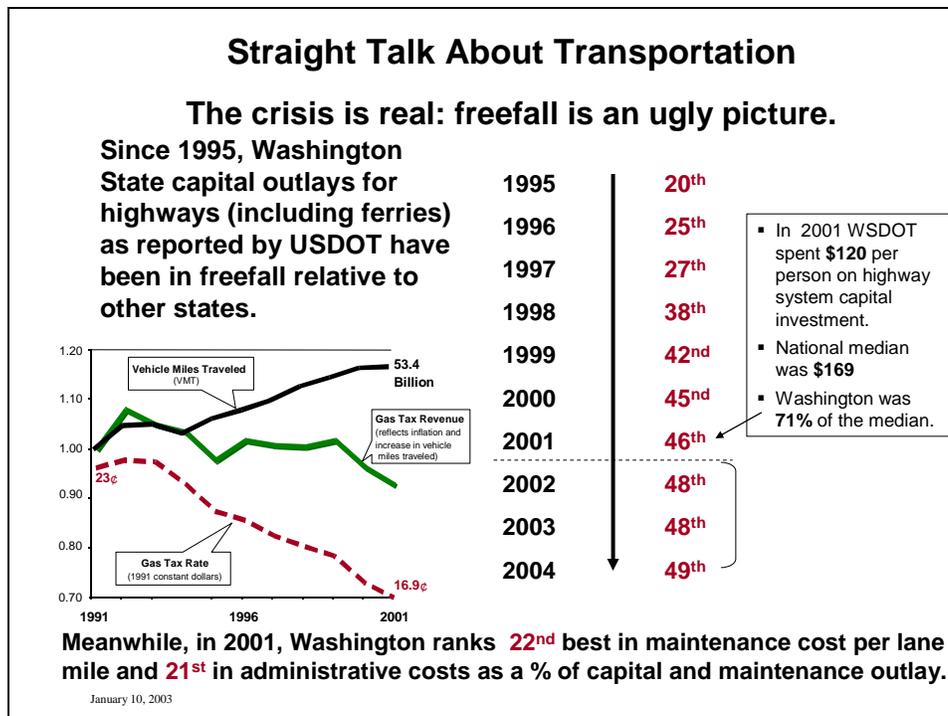


FIGURE 1 Example of “Straight Talk” presentation materials.

“Straight Talk” was designed to set the record straight and clearly communicate the state’s transportation crisis and gas tax value. Presentations were made state-wide, to a variety of audiences including business groups, fraternal organizations, and town-hall meetings. MacDonald’s message to the people included the following points:

- Yes and no voters on referendum 51 overwhelmingly agreed on one thing: transportation will get worse if we do not do something.
- Better understanding about what can be done and what can be paid for must be rebuilt with citizens across the state.
- The people want a plan that can be matched to solutions.
- The people want leadership that results in action.
- WSDOT’s accountability efforts are headed in the right direction but must be substantially strengthened.

Specific to the issue of accountability, MacDonald stressed the following points:

- WSDOT will prepare a clear operating and capital budget submission.
- The *Gray Notebook* is the agency’s quarterly performance report that reports on transportation programs and management.
- Quarterly project performance reports include schedules and costs
- Semi-annual maintenance accountability reports include highway conditions and costs.

At the same time that MacDonald was educating the public about WSDOT performance and the need for increased funding to deal with the transportation crisis via his “Straight Talk About Transportation” effort, the department further enhanced and targeted its

performance reporting through the *Gray Notebook* and its web-based accountability information. MacDonald also stressed that WSDOT welcomes performance audits conducted by knowledgeable, outside professionals.

The 2003 Funding Increase and “No Surprises” Project Delivery Reporting

Just six months after the defeat of R-51, and following countless public Straight Talk presentations, the Legislature approved the 2003 five cent per gallon tax increase (Nickel package) to fund specific projects. WSDOT started construction on the projects and by the end of calendar year 2004, twelve had been completed.

Even before the Nickel package took effect in July of 2003, WSDOT executives knew that the agency needed to make a significant effort in demonstrating how it was going to use the new revenues. Timing was important. Similar to the experience of the first *Gray Notebook*, WSDOT had to report performance information quickly before critics could challenge the agency’s ability to deliver. Executives also knew that providing numbers would not be enough to fully relate the project delivery story. A decision was made to combine performance data with detailed project narratives that address even the most sensitive delivery issues. WSDOT mounted a determined internal effort to manually produce new levels of project information that was not available through its existing IT legacy systems. By August 2003, just six weeks later, WSDOT rolled out the first quarterly *Beige Pages*, a new section added to the *Gray Notebook* that broke new ground in project delivery performance reporting. This anchored the new initiative called “No Surprises” reporting that was reflective of the heads-up and early reporting approach that it commenced.

The new *Beige Pages* provided legislators, the media and citizens easy to view roll-up data as well as detailed and candid narrative reports on project issues with “on time,” “on budget,” and “on-scope” performance goals. The information provided was the most comprehensive ever with respect to project delivery information and was closely tied to multiple layers of new, web-based project information. The *Gray Notebook’s Beige Pages* covered everything from heads-up on detailed project obstacles and challenges (Watch List) to the broader view of agency program management issues and program financing project delivery goals. Each quarterly report was accompanied by a press release, and distributed to legislators, the media, and other stakeholder groups.

Figure 2 illustrates the linked components of this integrated and detailed “No Surprises” project reporting approach reflected in the *Gray Notebook Beige Pages*. Roll-up information is combined with project narratives detailing project challenges and successes with candor and specificity. Each project narrative is hot-linked to the respective project report on the web and to the project’s web page, which is updated quarterly. These approaches proved extremely effective but most important, built WSDOT’s credibility to make the case for yet another revenue increase within only two years.

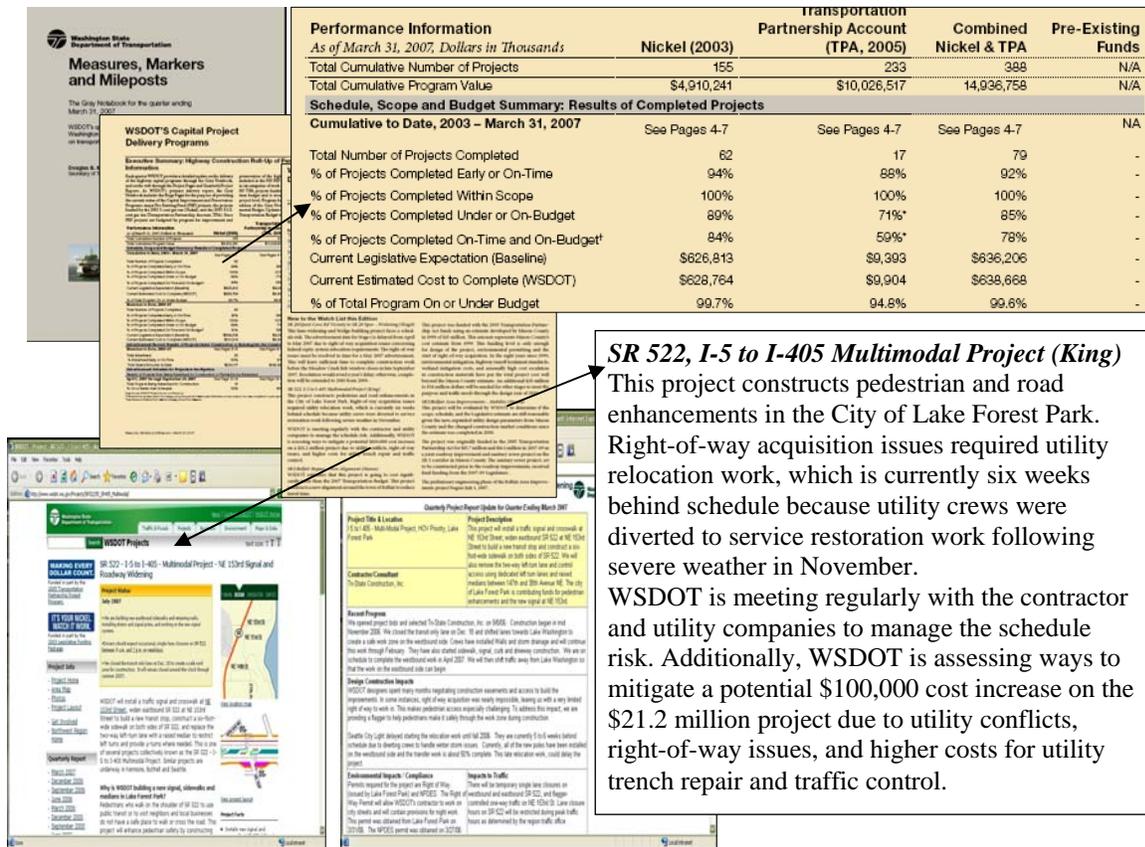


FIGURE 2 Example of WSDOT’s No Surprises Reporting.

The 2005 Funding Increase, WSDOT’s Project Delivery Record, and the Defeat of I-912

The need for additional funding above that which was provided by the Nickel tax package was quickly evident. This time, the funding package asked for, among other increases, a 9.5 cent-per-gallon increase in the gas tax phased in over four year starting July 1, 2005. WSDOT executives could point to the project delivery record that had been published over the previous two years to show that the agency could deliver projects on time and on budget. Taxpayer dollars were being spent wisely. Furthermore, executives could show that they made good on the promises made during the 2003 revenue increase negotiations. Information was published about project delivery that satisfied the validity claims of being comprehensible and truthful, and the information that was published was legitimate.

WSDOT continuously pointed to its project delivery record. Secretary MacDonald commented during a press interview, “We have done it – so tell me again what the problem is here. It is not that we have been untrustworthy. We have information, the story, on every project, available to the public. I believe the first answer to accountability is telling the public what is going on” (27).

Legislative confidence in WSDOT was high, and the Transportation Partnership Account (TPA) package passed during the 2005 session. It met opposition, however, in the form of Initiative 912 (I-912), which was filed to repeal the package. The initiative sponsors

were successful in obtaining enough signatures to qualify for the November ballot in just over a month.

Initially, I-912 enjoyed modest support. In a Moore Information of Portland poll of 400 Washington voters state wide, 55 percent favored I-912 and thus the repeal of the TPA funding package, 39 percent opposed it, and 7 percent were undecided. The poll was conducted August 8-9, 2005, and had a margin of error of 5 percent (28). As time progressed, though, support for repeal of the tax declined. By October 4, 2005, *The Seattle Post-Intelligencer* reported polling data that showed support for I-912 declining to 41 percent during the month of September (29).

It is important to remember that in September 2005, Hurricane Katrina struck the Gulf Coast and Americans witnessed the destruction of New Orleans and the resulting images of that city's residents stranded on shelters and on top of roofs as the flood waters rose. At the same time, gasoline spiked over \$3 per gallon in part due to the havoc caused by Katrina. Washingtonians were stuck between understanding that government had to provide infrastructure to prevent future Katrina situations versus concern about economic havoc caused by rising gas prices. A lack of confidence in WSDOT was not the issue in the public debate.

Differences in Polling Data in 2002 Versus 2005

While there are many reasons gasoline tax opponents cite for opposing a tax increase, it is informative to compare the polling data from the R-51 (in 2002) debate versus I-912 (in 2005), particularly with respect to the public's level of trust that WSDOT could effectively invest gas tax receipts. Nearly 75 percent of the people who were opposed to R-51 questioned the ability of state government and WSDOT to spend tax dollars wisely. Further, 43 percent of R-51 opponents cited a concern about a lack of oversight as a reason to oppose the measure. By the time I-912 was under the spotlight, a September 2005 poll found that only 12 percent of respondents did not trust WSDOT (30). While there were differences in the political and economic climates in 2005 versus 2002, these data show that a lack of public confidence in the agency was not a concern to the public.

Ultimately, I-912 failed. This was the first time in state history that a tax decrease was defeated by the voters. The *Tacoma News-Tribune* reported, "I-912's defeat was a ringing endorsement of the job MacDonald and the DOT were doing" (30).

CONCLUSIONS AND FUTURE WORK TO BE DONE

Some scholars believe that no matter how effectively an agency is performing, the public will still perceive it as being ineffective due a lack of public knowledge about the agency's performance. The case of WSDOT's funding and accountability crisis is used to show that performance information can be effectively communicated, provided the communication methods are appropriate to the target audience. By communicating its performance in an effective, timely and ethical manner, WSDOT restored its credibility and made its case for increased funding needs. Thus, it gained the necessary support in the Legislature to support two separate gas tax increase. It also prevented a voter-led tax revolt movement from removing funding that was provided by the 2005 Legislature.

It is difficult to correlate WSDOT's significant performance reporting efforts to increased funding with specific, empirical data. Public comments, media articles and polling data suggest that the agency's "No Surprises" reporting initiative and its specific

communication method (31) contributed to enhanced credibility. For example, *The Tacoma News Tribune* reported on May 1, 2007: “When [Secretary MacDonald] showed up in early 2001, the state was politically paralyzed when it came to transportation. MacDonald did much to change this...He made DOT more transparent and communicative. When the Legislature did approve a 5 cent gas tax to finance some urgent projects, he made sure those projects got done on time and within budget” (30).

Future studies concerning the effectiveness of regular, timely performance reporting coupled with strong leadership and its influence on public and legislative support for increased agency funding is an area of research that should be explored. In addition, this case study could be the impetus to conduct further research to assess how other organizations respond to credibility and funding challenges and the specific role information asymmetry plays. This research may be especially important in light of the current environment of federal and state funding shortfalls and citizen and legislative hesitancy to increase taxes.

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