Making the Case for Funding Using Performance Management

Experience of the Washington State Department of Transportation

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Even though an agency is performing well, the public may perceive its performance as poor. This perception 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 performance management and measurement and effective, ethical communication. This requires that information be presented in a manner that is timely, clear, sincere, truthful, and legitimate. The Washington State Department of Transportation's (DOT) response to a severe funding and accountability crisis is presented. Although the Washington State DOT was well regarded by its national peers as a high-performance agency, public, media, and legislative sentiment questioned its credibility and performance. The Washington State DOT responded to this crisis by instituting a program of regular, timely performance measurement and reporting designed to effectively communicate results to the legislature and the public and thus make the case for increased funding. During a period of approximately 3 years, polling data changed from nearly 75% of voters saying they did not trust the agency to spend tax dollars wisely, to just 12%. 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 Washington State DOT case suggests that effective performance management and reporting, combined with strong leadership, is important for increasing agency credibility and securing funding.

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 (DOT) at the beginning of the 21st century. A combination of factors put the agency in a precarious position that demanded quick action to address the funding and accountability crisis. These factors included

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Transportation Research Record: Journal of the Transportation Research Board, No. 2079, Transportation Research Board of the National Academies, Washington, D.C., 2008, pp. 146–153.
DOI: 10.3141/2079-18

- Significant revenue erosion from voter cutback on transportation taxes from the passage of Initiative 695 (I-695) in 1999 and a decade of no new revenues,
- The 2000 report from the state's Blue Ribbon Commission on Transportation and gubernatorial concerns over Washington State DOT's inefficiency and lack of accountability,
- Media and talk show preoccupation with the state's "transportation crisis,"
- A legislature embroiled in partisan and regional contentions, and
- Washington State DOT 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. Although this history dates back to before the adoption of the state's 18th amendment in the middle of the 20th century, the funding and accountability crisis history is situated at about the time of the turn of the millennium.

Distrust of Washington State DOT's ability to do an effective job and antitax sentiment were reflected in voter's approval of a citizen-led initiative. In fall 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. Washington State DOT was suddenly stripped of approximately one-third of its funding.

During the time that the I-695 debate raged, Washington State DOT's performance was being scrutinized. Although the agency was well regarded by its national peers as a high-performance agency, public, media, and legislative sentiment in the state questioned its credibility and performance. Little was done by the agency to counter that perception. Growing concern about the ability of Washington State DOT to do its job efficiently 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 Washington State DOT's accountability and performance: "(a) 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 (b) direct a thorough and independent performance review of Washington State DOT administration practices and staffing levels" (*2*). (These recommendations were eventually implemented, but not until after Washington State DOT regained credibility and trust. More than 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 Washington State DOT 5 months later in April 2001, when its new secretary of transportation, Douglas MacDonald, was sworn in. His primary mandate was to restore confidence in Washington State DOT 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 Washington State DOT 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 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 ASYMMETRY AND AGENCY PERFORMANCE DATA

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 2, holding all federal employees accountable for results, applauds the Government Performance and Results Act 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 what Washington State DOT's experience shows, that 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 nongovernmental organizations), 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*, p. 319). 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 although 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 results. Similarly, although 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 contend that when the government has published information that it is performing well, yet public opinion remains low, the government has no option other than to assume that the information asymmetry problem is due to citizens' not getting the message (*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 Washington State DOT 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*, p. 767). 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 the cause of asymmetry 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. Before the crisis, Washington State DOT had published many performance reports and was very involved in the quality movement including frequent customer surveys and feedback processes. Yet the way the information was 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 or even a movement to reduce existing funding as in the I-695 voter initiative in Washington State.

Where Do Citizens Obtain 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, an extensive literature that addresses sources of political information that are available to citizens. Not surprisingly, the consensus in the literature is that most people obtain 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 people rather than report the substantive issues that are at stake in political competition. Although the media are 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 people 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*, p. 94).

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 Washington State DOT 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 usable.

In response, Washington State DOT has developed a communication approach called "performance journalism," which calls for the effective combination of reliable data, good graphs, and compelling narratives (storytelling). This paper's scope does not allow for a detailed description of this approach, but it is presented in a companion paper (*15*).

Another primary cause of information asymmetry between an agency and the media is described by Sparrow (*16*) 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, personal experiences, anecdotal stories, and family and friends must be included. Although 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's theories of discourse ethics and communicative action, as described by Yuthas et al. (*17*). For communication to be ethical, it must satisfy four "validity claims" identified by Forester (*18*), which are that it be "comprehensible, truthful, sincere, and legitimate" (*17, 18*). 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 Washington State DOT's performance communication strategy.

CASE OF WASHINGTON STATE DOT

Washington State DOT'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 Washington State DOT on the arrival of Secretary MacDonald in April 2001 has been described. Attention is now turned to describing how Washington State DOT used effective communication of performance measurements and results to increase public perception of the agency's credibility and ultimately to secure funding. Although the agency was perceived by the public as performing poorly, Washington State DOT was seen among its peers as a well-performing agency. The problem was that Washington State DOT'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 20 years before. Transportation departments 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? (*19*).

Washington State DOT's accountability was at the top of the agenda more than a year before the Referendum 51 public debate began. The day after MacDonald took control of the agency, *The Seattle Post-Intelligencer* described the conditions that awaited him: "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" (*20*).

In an e-mail message to all Washington State DOT employees on April 23, 2001, 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 e-mail, 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 Washington State DOT 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 Washington State DOT 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 Washington State DOT, "For right now, in the next few weeks, I want to make sure transportation information is cogently and cohesively accessible to people" (*20*). 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' " (*20*).

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 3 weeks of his being sworn in as secretary of transportation, Washington State DOT 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." The "others" were 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 Washington State DOT 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" (*21*, p. B-1). 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" (*22*).

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" (Linda Steinman, performance measurement manager, Office of Financial Management, Washington State, Olympia, June 2001).

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 late fall 2001, it appeared that the information asymmetry problem between Washington State DOT 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, antitax sentiment combined with the immediate downturn in the region's economy in the months immediately following the September 11, 2001, terrorist 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 confident that Washington State DOT 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 during a 2-year period (5 cents effective January 1, 2003, and 4 additional cents effective January 1, 2004), additional state sales taxes of 1% on new and used automobiles, and a 30% increase in gross weight fees for trucks more than 10,000 lb (*23*). 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" (*24*). After an extensive campaign by both sides, R-51 ultimately failed with 62% of voters rejecting the measure.

At that time Washington State DOT had a good record of delivering capital improvement projects, but did not generate specific performance reports on those results. The agency had been publishing *The Gray Notebook* for 18 months, resulting in enhanced credibility with legislators and policy makers. Although the message had certainly reached the legislature, the message had not reached the general public. Despite the good performance record of Washington State DOT, the agency was not informing citizens, which this paper posits was the cause of distrust, not the agency's actual record. It was clear to Washington State DOT that yet another push and communication effort were 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" (*25,* p. B-1). 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, postelection 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" (*26,* p. B-1). Clearly, public education was needed to correct information asymmetry.

The information asymmetry problem between Washington State DOT and the legislature was resolved, but not between the agency and the voters. The comments of State Representative Ruth Fisher, then co-chair of the House Transportation Committee, summed up why the asymmetry problem persisted: "He's [*MacDonald*] talking to transportation nuts. He needs to convince the voters that DOT is doing a good job. We really need the money" (*22,* p. B-1).

MacDonald addressed the need to educate the public in his comments after the defeat of R-51, when he kicked off a series of statewide "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" (*27*). Figure 1 includes an example of the information that was presented in these sessions.

Straight Talk was designed to set the record straight and clearly communicate the state's transportation crisis and gas tax value. Presentations were made statewide to a variety of audiences including business groups, fraternal organizations, and town hall meetings. Washington State DOT'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.
- Washington State DOT's accountability efforts are headed in the right direction but must be substantially strengthened.

Specific to the issue of accountability, the following points were stressed by the agency:

- Washington State DOT will prepare a clear operating and capital budget submission.
- *The Gray Notebook* is the agency's quarterly performance report that provides information on transportation programs and management.

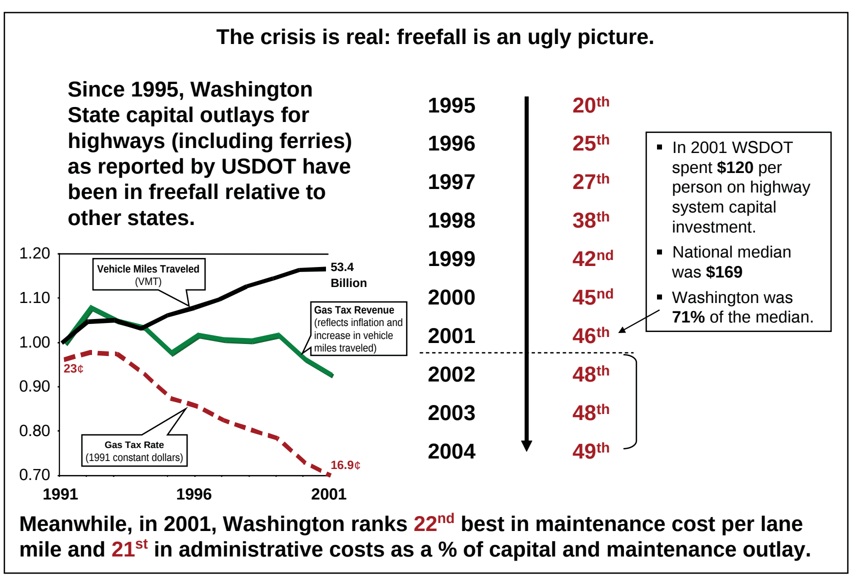

FIGURE 1 Example of Straight Talk presentation materials.

• Quarterly project performance reports include schedules and costs.

• Semiannual maintenance accountability reports include highway conditions and costs.

At the same time that agency executives were educating the public about Washington State DOT performance and the need for increased funding to deal with the transportation crisis via the "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 Washington State DOT welcomes performance audits conducted by knowledgeable, outside professionals.

2003 Funding Increase and "No Surprises" Project Delivery Reporting

Just 6 months after the defeat of R-51 and following countless public Straight Talk presentations, the legislature approved the 2003 5-cent per gallon tax increase (Nickel package) to fund specific projects. Washington State DOT started construction and by the end of Calendar Year 2004, 12 projects had been completed.

Even before the Nickel package took effect in July 2003, Washington State DOT 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,* Washington State DOT 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. Washington State DOT mounted a determined internal effort to manually produce new levels of project information that were not available through its existing information technology legacy systems. By August 2003, just 6 weeks later, Washington State DOT 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, which was reflective of the heads-up and early reporting approach that it commenced.

The new Beige Pages provided legislators, the media, and citizens with 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 and was closely tied to multiple layers of new, web-based project information. *The Gray Notebook*'s Beige Pages covered everything from a 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*

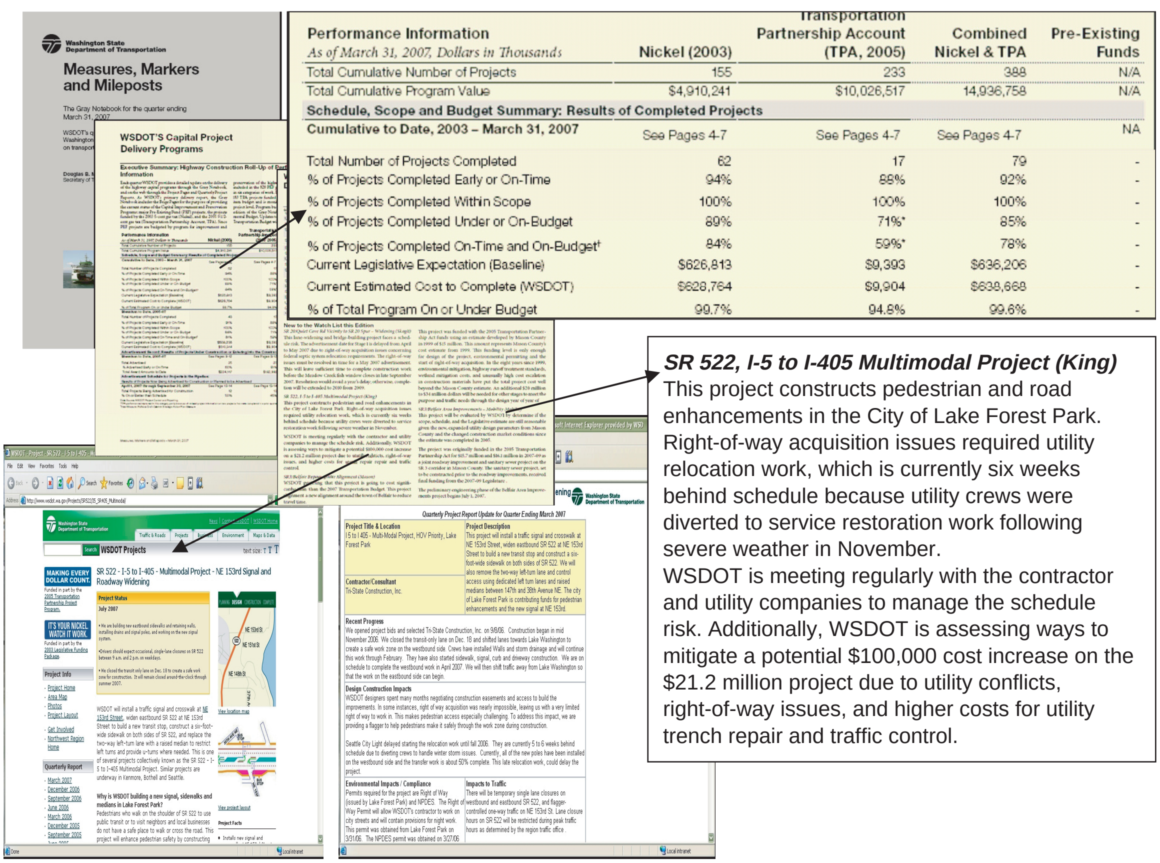

FIGURE 2 Example of Washington State DOT's No Surprises reporting.

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, they built Washington State DOT's credibility to make the case for yet another revenue increase in only 2 years.

2005 Funding Increase, Washington State DOT's Project Delivery Record, and 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 during a 4-year period starting July 1, 2005. Washington State DOT executives could point to the project delivery record that had been published during the previous 2 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 delivered 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.

Washington State DOT 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" (*28*, p. 1A).

Legislative confidence in Washington State DOT 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 2005 ballot in just over a month.

Initially, I-912 enjoyed modest support. In a Moore Information of Portland poll of 400 Washington voters statewide, 55% favored I-912 and thus the repeal of the TPA funding package, 39% opposed it, and 7% were undecided. The poll was conducted August 8–9, 2005, and had a margin of error of 5% (*29*). As time progressed, though, support for repeal of the tax declined. By October 4, 2005, the *Seattle Times* reported polling data that showed support for I-912 declining to 41% during the month of September (*30*).

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 to more than $3 per gallon, in part as a result of 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 Washington State DOT was not the issue in the public debate.

Differences in Polling Data in 2002 Versus 2005

Although 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 Washington State DOT could effectively invest gas tax receipts. Nearly 75% of the people who were opposed to R-51 questioned the ability of state government and Washington State DOT to spend tax dollars wisely. Further, 43% of R-51 opponents cited 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 the percentage of respondents that did not trust Washington State DOT was only 12% (*31*). Although 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.

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" (*31*).

CONCLUSIONS AND FUTURE WORK

Some scholars believe that no matter how effectively an agency is performing, the public will still perceive it as being ineffective if there is a lack of public knowledge about the agency's performance. The case of Washington State DOT'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, Washington State DOT restored its credibility and made its case for increased funding needs. Thus, it gained the necessary backing in the legislature to support two separate gas tax increases. It also prevented a voter-led tax revolt movement from removing funding that was provided by the 2005 legislature.

It is difficult to correlate Washington State DOT'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 (*15*) 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" (*31*).

Future studies on 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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The Strategic Management Committee sponsored publication of this paper.