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Higher Fuel Standards could Reduce Federal Transportation Funds by \$57 Billion by 2022

May 2, 2012 By [Larry Ehl](#) 3 Comments

In 2011, the National Highway Traffic Safety Administration and the Environmental Protection Agency jointly proposed a rule that would tighten corporate average fuel economy (CAFE) standards for light-duty vehicles (including cars, sport utility vehicles, pickup trucks, minivans, and crossover utility vehicles) manufactured from 2017 through 2025.

The higher fuel economy standards certainly will be good for our environment and energy security, but it could reduce federal transportation revenue by \$57 billion by 2022, a 13 percent reduction. That's according to a new study from the nonpartisan Congressional Budget Office (CBO).

The standards would result in a 21 percent drop in funding by 2040, but the drop will be very gradual leading up to that year. That's because "the proposed standards gradually increase in stringency—boosting the fuel economy of the new-vehicle fleet from 34.1 miles per gallon (mpg) in 2016 to 49.6 mpg by 2025—and because the vehicle fleet changes slowly as older vehicles are replaced with new ones."

What's the solution? One or more of the following:

- Reducing spending on highways and mass transit,
- Transferring additional money from the Treasury's general fund to the Highway Trust Fund, and
- Increasing the gasoline tax or raising revenues from other sources to provide receipts to the trust fund.

The word "tolling" doesn't appear in the document, but "other sources" would almost *have* to include tolling, something Congress and the country is going to have to become more willing to support. And an infrastructure bank will go only so far: [The Fantasy Solution of an Infrastructure Bank](#).

Grab some Kleenex and read the [10-page briefing paper](#).

Meanwhile, roads and bridges are aging and need repairs or replacement. A growing population and the need to help businesses and industries remain internationally competitive requires investment. As a share of GDP, public spending on infrastructure has ranged from 2.3 percent to 2.5 percent since



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the mid-1980s. Before then, it had trended downward, from a peak of 3 percent in the late 1950s and early 1960s.


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Comments

Chris Pecor says:

May 3, 2012 at 7:48 am



What is the cost of tolling facilities vs. just implementing a VMT system in our vehicles? It seems like we are continuously discussing tolling as a viable option for this mathematical certainty of better fuel efficiency which results in less funding for our transportation system.

Why can't we give the American people the facts, instead of "tricking" them with tolling or some other funding mechanism? If we use the road, we should pay for it, it's that simple. Just like any other infrastructure, like water, sewer, power, airplanes, etc.

Tolling requires structures, computer systems, collections, etc. and its only useful on the very small percentage of roads. Let's face the facts America.

[Reply](#)

Larry Ehl says:

May 3, 2012 at 8:46 am



Thanks Chris. I agree that tolling works in limited situations. VMT has proven to be even more controversial than tolling; I think it's going to be awhile before the public and elected officials get comfortable with that funding method.

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Today's Headlines | Streetsblog Capitol Hill says:

May 3, 2012 at 5:57 am

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