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THE OPINION PAGES | OP-ED CONTRIBUTOR

America's Highways, Running on Empty

By JOSHUA L. SCHANK JUNE 1, 2014

WASHINGTON — IF you think your commute is getting worse, it's probably not your imagination. And no, it's not because there are more cars on the road. The potholes, the stalled construction projects, the congestion — it's because the highway trust fund is almost empty and, without a fix, could run out of money this summer.

Federal transportation funding relies heavily on user-based fees, in the form of gas taxes. While that worked for decades, it began to break down after Congress stopped raising the tax, which has been stuck at 18.4 cents a gallon for over 20 years. Since then, people have begun driving less and using more fuel-efficient cars, which means less tax is paid. Even worse, the tax is not indexed to inflation.

In the past Congress has adopted a series of stopgaps to shore up the fund. But unless we reform the way we pay for transportation improvements, we will keep lurching from funding crisis to funding crisis, with our roads getting worse by the year. The only solution is to supplement the tax with dedicated federal funding — which would not only solve the money problem, but open the door to long-dreamed-of innovations in our transportation system.

The obvious solution, raising the gas tax, is a political nonstarter. And even if it could pass, Congress would be tempted to direct some or all of that revenue to other purposes, like deficit reduction — it did just that in 1990 and 1993.

In any case, raising the gas tax wouldn't help in the long run. When

America planned the Interstate System in the 1950s, only half the country was urbanized and the number of cars was growing rapidly. Now more than 80 percent of Americans live in metropolitan regions, and total driving has stagnated. Even if we could raise the tax, it would only reinforce an outdated program.

While the idea of a user fee for our highways has its appeal, it fails to capture the full role of transportation in our economy. A better transportation system can keep the costs of goods down, provide access to jobs and labor, reduce emissions and prevent fatalities and injuries. Why should users bear the cost alone when everyone enjoys the benefits?

And the gas tax has all sorts of limitations — most notably a mandate that 80 percent of national transportation funds be returned directly to users, and therefore spent on highways. This inhibits expansion of other transportation modes and prevents systematic planning. And funding decisions are largely based on where gas-tax revenues are generated, rather than where we might find the greatest return on our investment.

No other developed nation relies so heavily on user fees like the gas tax. While other countries typically have much higher gas taxes, they do not dedicate these revenues to transportation. Instead, they use general revenues.

So should America. One option is to dedicate part of the income tax revenue that corresponds to transportation's contribution to gross domestic product, or about 10 percent (around \$160 billion). Dedicating even half of that to transportation would cover America's needs and effectively align transportation with economic growth.

Programs funded by general revenues have already been used to spur innovation across many modes and jurisdictions. The Transportation Investments Generating Economic Recovery program, part of the 2009 stimulus package, has funded over \$1 billion in investments in freight, transit, highways and bicycle and pedestrian infrastructure.

Similarly, the Urban Partnership Agreement, a program initiated under President George W. Bush, helped move the politically challenging

but economically beneficial concept of congestion pricing forward in several cities.

Because they were not focused on returning money to users, both of these programs were somewhat insulated from the political forces that surround transportation funding, and were more focused on getting the federal government the maximum return on its investments.

In a haphazard way, switching to a system paid for by general funds is already happening by default: We have infused the trust fund with over \$55 billion in general fund revenues since 2008 (not including stimulus funding), and proposals from the president and the House of Representatives have called for \$150 billion and \$125 billion more, respectively, both funded through corporate tax reform.

The problem with these actions and proposals is that they are one-time, short-term fixes, while transportation projects take years to complete. Effective modern transportation is less about building more highways, and more about operating our existing systems more effectively while harnessing the benefits of technology. Your commute is unlikely to improve until we pay for and invest in transportation as if it's the 21st century.

Joshua L. Schank is the president and chief executive of the Eno Center for Transportation.

A version of this op-ed appears in print on June 2, 2014, on page A21 of the New York edition with the headline: America's Highways, Running on Empty.

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