

## Transportation/Infrastructure

### 21st Century Transportation Policy: Who Will Pay, and For What?

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Federal transportation policy stands at a crossroads. Will transportation continue to be a system funded essentially by user fees? And, if so, will those fees be devoted exclusively to roads and highways or support surface transportation more broadly? Alternatively, one could imagine a system that relies much more heavily on general revenue and is treated much like other programs funded in discretionary appropriations. In recent years, a greater and greater share of the federal role in surface transportation is supported by general revenues. Overall, between 25 and 30 percent of federal surface transportation programs are currently paid by general funds, and that percentage continues to grow. These budget realities suggest that the future could be very different from the past. If so, it is important that future transportation policy be debated and set intentionally, and not merely as the consequence of inaction.

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## Research

# 21st Century Transportation Policy: Who Will Pay, and For What?

By Emil H. Frankel

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## Executive Summary

Federal transportation policy stands at a crossroads. Will transportation continue to be a system funded essentially by user fees? And, if so, will those fees be devoted exclusively to roads and highways or support surface transportation more broadly? Alternatively, one could imagine a system that relies much more heavily on general revenue and is treated much like other programs funded in discretionary appropriations. If so, transportation funding will be far less predictable as it competes with other domestic priorities, changing the way that Congress and states do their transportation planning and decision-making.

In recent years, a greater and greater share of the federal role in surface transportation is supported by general revenues. Overall, between 25 and 30 percent of federal surface transportation programs are currently paid by general funds, and that percentage continues to grow. Indeed, the president recently released a legislative proposal for Congress, calling for \$302 billion in spending — funded in part by a \$150 billion general fund transfer.

These budget realities suggest that the future could be very different from the past. If so, it is important that future transportation policy be debated and set intentionally, and not merely as the consequence of inaction.

## Introduction

For the past two cycles of authorization of the federal surface transportation programs, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in 2005 and the Moving Ahead for Progress in the 21st Century Act (MAP-21) in 2012, Congress has adopted program levels without increasing revenues, thereby assuring a growing gap between receipts and expenditures. The budget gap has been filled with transfers from the general fund, a complete reversal from the circumstances through the 1990s. In that era, Congress sought to ensure that what seemed to be endless Highway Trust Fund