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Will Transportation Reauthorization Be Another Big Spending Boondoggle?

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As Congress gears up for another year, reining in spending and debt should top the agenda, but one issue heading squarely against that priority is reauthorization of the transportation program. The last transportation bill, SAFETEA-LU, was marked by gluttonous excesses, which ranged from its porcine spending increases and wasteful spending on programs that did not improve roads, to its earmarks, which spawned the infamous "Bridge to Nowhere." Spending in SAFETEA-LU was so excessive that Congress was repeatedly called on to bail out the Highway Trust Fund.

This story is similar to the federal government's total finances—a massive run-up in spending and declining revenues. The latest projections from the Congressional Budget Office (CBO) for 2012 show a deficit of just over $1 trillion, publicly held debt at 73 percent of GDP, and a rapidly deteriorating scenario over the next 10 years, during which publicly held debt will soar to nearly 100 percent of GDP.[1]

It is past time for Washington to stop spending money on wasteful projects and to live within its means. This should start with the first major opportunity of the year: reauthorization of the transportation program. Rather than increasing spending and then looking for new sources of revenue to pay for it, Congress should eliminate wasteful transportation programs and reduce spending so that the program lives within its means.

Bloated Spending Outpaces Taxes. The federal highway program was created in 1956 to build the interstate highway system, which would connect all major cities spanning both coasts and reaching both borders. The program was funded by a federal fuel tax, originally 3 cents per gallon of gasoline. The original plan was to turn over the maintenance to the states after the interstate highway system was completed. But, as Ronald Reagan famously quipped, "a government bureau is the nearest thing to eternal life we'll ever see on this earth!" Thus, rather than turning a modest program over to the states, the highway program was vastly expanded and the gas tax increased to where it stands today at 18.3 cents per gallon.[2]

Not content to live within the means of the Highway Trust Fund and its dedicated funding, Congress added scores of new programs accompanied by new spending on all manner of projects that hardly fall within the purview of a transportation system. In fact, these programs in the past have diverted around 38 percent of the trust fund spending to things other than general-purpose roads, leaving America's driv-

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ers with a mere 62 percent of every gas tax dollar they pay funding the roads they actually use.[3]

Many of these programs can only be thought of as luxuries, such as scenic byways, ferryboats, bicycles, historic covered bridges, and horse trails. Others include transit (which largely goes to fund trolleys, buses, commuter rail, etc., and serves only 1.8 percent of surface travel passengers); the enhancement program (under which states are currently forced to spend money on projects like facilities for pedestrians and bicycles, scenic easements including historic battlefields, landscaping and other scenic beautification, historic preservation, and transportation museums); and recreational trails.[4]

These programs reached new complexity and magnitude in SAFETEA-LU and help explain the new heights that spending reached under this bill. They also help explain the bailouts from general revenue of $35 billion, which began in 2008.[5]

The picture for the future continues to look bleak. Gas tax revenues have not grown to keep pace with transportation needs, let alone the burgeoning wants of Congress and the vast collection of special-interest groups and their lobbyists. The most recent forecast by CBO[6] projects that the trust fund will run out of money sometime in 2013 with a deficit of $12 billion and cumulative deficits of $136 billion through 2022. Even this may be a conservative estimate given the way CBO projected both taxes and spending.[7]

Transportation Goals vs. Wasteful Spending. The federal government is projected to run deficits in the trillion-dollar range through the end of the decade, reaching $1.5 trillion in 2022. Transportation spending is one contributor to this gloomy outlook. As a first step toward the larger goal of solving the nation's spending and debt crisis, Congress should make the transportation program live within its means. It should reserve the program exclusively for improving mobility and safety and decreasing congestion.

This means Congress should strip out or trim wasteful programs like the enhancement program, transit, and Amtrak. Gone should be plans for quaint cobblestones, hiking trails, tourist attractions and archaeology, streetscapes and flower planting projects, and the excess spending they represent.

Eliminate Waste *and* Reduce Spending. The current reauthorization bills (S. 1813 and H.R. 7) contain some important reforms. For example, both versions put an end to the corruptive and wasteful practice of earmarks. The Senate version would allow states the flexibility to spend enhancement program money on roads as opposed to projects like a road museum. The House version would start to remove Amtrak's wasteful subsidy and require operational improvements.

Sadly, however, both bills would continue funding the program at bloated levels similar to today's, leading to the need for more revenues or bailouts by

1. Patrick Louis Knudsen, "Budget Outlook Getting Worse, CBO Report Shows," Heritage Foundation *The Foundry*, January 31, 2012, at *http://blog.heritage.org/2012/01/31/budget-outlook-getting-worse-cbo-report-shows/*.
2. Ronald D. Utt, "Federal Highway Trust Fund: Recommit to Better Highways and Enhanced Mobility," Heritage Foundation *WebMemo* No. 2944, June 30, 2010, at *http://www.heritage.org/research/reports/2010/06/federal-highway-trust-fund-recommit-to-better-highways-and-enhanced-mobility*.
3. As earmarks have essentially been eliminated following the "Bridge to Nowhere" and other scandals, this ratio is likely down to 35/65 percent today.
4. *Ibid*.
5. "Surface Transportation Program, Reauthorization Issues for the 112th Congress," Congressional Research Service *Report for Congress*, January 12, 2012, at *http://heritageaction.com/wp-content/uploads/2012/01/Surface-Transportation-Program-Reauth_Jan12-2012.pdf* (February 2, 2012).
6. *The Budget and Economic Outlook: Fiscal Years 2012 through 2022*, Congressional Budget Office, January 31, 2012, at *http://cbo.gov/ftpdocs/126xx/doc12699/01-31-2012_Outlook.pdf* (February 2, 2012).
7. CBO projected that spending will continue at current levels only adjusted for inflation, far from trend. It also projected that revenues would receive a permanent increase from the expiration of the ethanol tax credit, even though Congress is currently considering extending that and other tax credits in the annual extenders package.

the general fund. The solution that each bill offers is more revenues. The House bill, for example, purports to generate oil and gas royalty revenues by opening up areas now restricted to exploration. This is a sound policy. Unfortunately, it doesn't solve the true problem: spending. Instead, it locks in higher levels of spending rather than preserving royalty revenues for deficit reduction.

Rather than perpetuating ever-growing government, albeit with a somewhat improved and streamlined transportation program, Congress should live within its means. Instead of bailouts, this means eliminating wasteful programs and cutting the spending that goes with them.

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