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Empowering the States by Turning over the Federal Highway Program

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Senator Mike Lee (R–UT) and Representative Tom Graves (R–GA) have introduced companion pieces of legislation, the Transportation Empowerment Act (S. 1702 and H.R. 3486), that would incrementally lower the federal gas tax and the size of the federal highway program over several years. In turn, states would be empowered to assume this taxing authority and use their highway resources as they deem appropriate.

As state and local authorities are more sensitive to local transportation needs, they are much better positioned to understand how to meet commuters' demands for reduced congestion, enhanced mobility, and improved safety—the goals of transportation policy. Current federal earmarks, mandates, and funding diversions to low-value projects only hamstring efficient state and local deployment of resources to meet these goals.

The Federal Role. People working with private businesses and state and local authorities are best able to figure out how to get themselves and their property and goods from point A to point B. The goal of federal transportation policy should be only to fill voids that neither the private sector nor state or local government can manage.

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The interstate highway system provides a useful example. Though it was originally intended to be turned over to the states, over the years Congress added programs to it that have little to do with transportation and mobility.

Irresponsible Funding Diversions. This trend has worsened in recent decades. In the name of transportation, lawmakers and interest groups justify diverting federal gas taxes to pie-in-the-sky goals of economic stimulus and "livability" programs that do nothing to address the actual problems facing those paying for it all: the motorists and truckers who pay the gas tax.

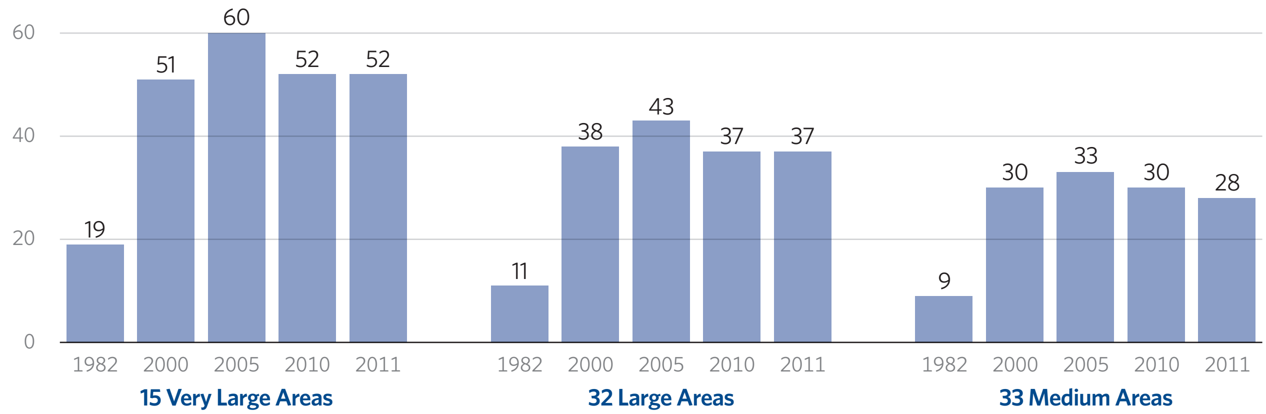
The largest such diversion is transit (rail, streetcars, buses). The current highway bill, Moving Ahead for Progress in the 21st Century (MAP-21) authorizes $8.5 billion in transit funding out of the Highway Trust Fund, or 17 percent of authorized funds in fiscal year (FY) 2013, even though transit claims little more than 1 percent of the nation's surface travel.[1] Further, transit has failed to maintain its share of travel in cities, dropping by one-quarter between 1983 and 2010.[2]

Additional diversions include transportation alternatives ($809 million in FY 2013), such as bicycles, sidewalks, nature paths, community preservation, and landscaping. Ferry boats ($67 million), federal lands transportation and access ($550 million), university research ($73 million), and the Congestion Mitigation and Air Quality Improvement Program ($2.2 billion) account for additional leakages in the trust fund. These activities should either compete for funding in the General Fund or be eliminated at the federal level.

In FY 2013, these diversions totaled $12.2 billion, or 25 percent of total authorized funding, and

CHART 1

Yearly Hours of Delay per Auto Commuter



Source: Texas Transportation Institute, *2012 Urban Mobility Report*, Table 9, http://d2dtl5nnlpfr0r.cloudfront.net/tti.tamu.edu/documents/ums/congestion-data/national/national-table9.pdf (accessed November 13, 2013).

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eligibilities under the reorganized Surface Transportation Fund and the Metropolitan Transportation Planning program suggest the total diversion could be slightly higher. Eliminating these activities in the federal highway program, or at least making them optional without fear of retribution, would free up billions in resources annually for states to spend on congestion-relieving modes of transportation.

Washington Failure: No Congestion Relief. Congestion plagues metropolitan areas across the country—and this despite well over half-a-trillion dollars authorized in the past two major surface transportation bills, enacted in 2005 and 2012.[3]

According to the Texas Transportation Institute's annual *Urban Mobility Report*, the average motorist in the largest 15 metropolitan areas (which includes Boston and Atlanta) was experiencing delays of 52 hours—the length of more than a full work week.[4] That figure is down only slightly from 60 hours in 2005 but more than double the 19-hour delay in 1982. Similar delays occurred in the 32 large areas (which includes Charlotte, North Carolina, and Austin, Texas) and in the 33 medium areas (which includes Oklahoma City, Oklahoma, and Charleston, South Carolina).

The Washington, D.C., metro area reported the worst delays, which totaled 67 hours annually for the average motorist commuter, or more than one-and-a-half work weeks.

Freeing people and businesses to move about with minimal congestion and reduced travel times would lend itself to more robust job creation and economic growth. Lawmakers could do this by eliminating funding diversions and federal regulations—such as the Davis–Bacon Act requirement to pay above-market, union wages for federally funded

1. In 2011, transit and rail (intercity/Amtrak) commanded 1.3 percent of U.S. passenger-miles traveled. See Bureau of Transportation Statistics, National Transportation Statistics, Table I-40, http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/national_transportation_statistics/html/table_01_40.html (accessed November 13, 2013).
2. Wendell Cox, "Transit Policy in an Era of the Shrinking Federal Dollar," Heritage Foundation *Backgrounder* No. 2763, January 31, 2013, http://www.heritage.org/research/reports/2013/01/transit-policy-in-an-era-of-the-shrinking-federal-dollar.
3. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users lasted from late FY 2005 through FY 2009, and MAP-21 is authorized from late FY 2012 through FY 2014.
4. Texas Transportation Institute, *2012 Annual Urban Mobility Report*, 2003, Table 9, http://d2dtl5nnlpfr0r.cloudfront.net/tti.tamu.edu/documents/ums/congestion-data/national/national-table9.pdf (accessed November 12, 2013).

construction projects—that prevent states from spending transportation money efficiently and on projects that would relieve congestion.

Benefits of Empowering States. The policies in the Transportation Empowerment Act would directly benefit the motorists, truckers, and bus operators across the country that fund the highway program. Specifically, these bills would:

- **Empower states to make transportation decisions.** Ending the current Washington-centric approach would discourage pork-barrel spending from Congress and incentivize states to plan and fund their transportation priorities.
- **End cross-subsidies between states and modes of transportation.** Motorists in South Dakota or Texas, for example, would no longer subsidize the commute of federal employees in Washington, D.C., or Manhattan residents. Instead, they would be free to spend on programs that improve mobility at home.
- **Reduce congestion, enhance mobility, and improve safety.** Reform-minded state transportation officials would be free to deploy resources to modes that reduce congestion and enhance cost-effective mobility, engaging with the private sector for capital-intensive projects.
- **Force efficiencies in transit.** Absent federal subsidies, states that still value and can support transit systems could continue this spending, but those that do not would be forced to re-evaluate their programs, consider alternate modes, or contract their transit operations out to the private sector.

States Taking Charge. Amid Washington's inaction, states such as Arkansas, Maryland, Michigan, Virginia, and Wyoming have considered or are considering increasing their state gas tax or increasing sales taxes to fund transportation projects.[5] Though some of these proposals amount to large tax hikes, state leaders are more likely to be held accountable for tax increases and poor prioritization of new transportation spending than are bureaucrats or lawmakers in Washington.

Further, Virginia's use of public-private partnerships to build high-occupancy toll lanes illustrates how prepared state officials can work with private companies to construct large-scale projects.

Time for Change. The proposals offered by Senator Lee and Representative Graves offer the federal government a plan for handing over the federal highway program to the states, which know their transportation priorities better than Washington does. Importantly, they would avoid a federal tax increase and further mismanagement of the program while improving the states' abilities to operate, maintain, and expand their surface transportation programs to meet future needs.

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5. Ken Orski has compiled a comprehensive list of states that have changed their transportation revenue sources and are using long-term credit instruments to finance projects. It can be found at http://www.innobriefs.com/ (accessed November 13, 2013).