DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) has existed since 1967 and is comprised primarily of the Federal Highway Administration (FHWA) and the Federal Aviation Administration (FAA), but also houses several other agencies focused on various aspects of America's transportation network. This Department is funded through various trust funds (which are financed through user fees) and direct federal appropriations. The majority of funding comes from user fees like the federal highway gas tax.

FHWA is primarily funded by federal gas taxes collected at gasoline pumps and deposited in the Highway Trust Fund (HTF) and FAA is primarily funded by an assortment of fees levied on airplane passengers and airplane users deposited in the Airport and Aviation Trust Fund (AATF).

Unfortunately, Congress has over the last decade managed to bankrupt both the HTF and the AATF as a result of reckless spending decisions that have dramatically increased the amount and the types of projects eligible for funds from these accounts. While most Americans would assume that FHWA only funds interstate transportation projects such as the Interstate Highway and regulates transportation industries, Congress and various Administrations have greatly expanded the scope and purpose of DOT. The current mission of DOT is not only to provide Americans with a national transportation system, but to provide a "fast," "accessible and convenient transportation system…"[1]

Because of increasingly fragmented, wasteful and duplicative spending the Government Accountability Office (GAO) recently concluded that "Large increases in federal expenditures for transportation in recent years have not commensurately improved system performance."[2] This mismanagement has resulted in a deteriorating state in infrastructure and increased our national debt and prompted GAO to include the HTF on its "High-Risk" list since 2007.

In 2010, DOT found that of the 604,413 bridges in the U.S., 156,276 (26 percent) were deficient. This includes 70,430 (12 percent) "structurally deficient" bridges and 85,846 (14 percent) "functionally obsolete" bridges.[3] Structurally deficient bridges need to be monitored

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[1]United States Department of Transportation Website, "About DOT," http://www.dot.gov/about.html, accessed July 14, 2011.
[2] GAO-11-3118SP, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," Government Accountability Office, March 2011, http://www.gao.gov/new.items/d11318sp.pdf, accessed July 14, 2011.
[3] "Conditions of U.S. Highway Bridges," Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, National Transportation Statistics, 2008, Table 1-27, http://www.bts.gov/publications/national_transportation_statistics/html/table_01_27.html, accessed July 14, 2011. Also, "FHWA

and repaired often because of deterioration or damage.[4] Functionally obsolete bridges do not have the dimensions to adequately serve traffic demand, or may not be able to handle occasional roadway flooding.[5] More than one fourth of all bridges monitored by DOT are either structurally deficient or functionally obsolete.

The 2008 "Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance" report[6] estimated that the cost to fix all existing bridge deficiencies is $98.9 billion in 2008 dollars. The repair cost reflected in this figure would include those aimed at addressing structural deficiencies as well as some functional deficiencies (it does not include the cost of replacing existing bridges with wider bridges with additional through lanes).[7] In 2004, DOT estimated an existing bridge investment backlog of $65.3 billion to fix all current bridge deficiencies.[8]

According to the American Society of Civil Engineers, substandard road conditions are a significant factor in one third of car fatalities (or 13,700 deaths).[9] Unacceptable road conditions affect personal and financial costs associated with travel, including vehicle operation and maintenance, traffic delays, and crashes.[10] According to the most recent statistics, 33 percent of America's major roads are in poor or mediocre condition and 36 percent of the nation's major urban highways are congested.[11] Poor road conditions cost U.S. motorists $67 billion a year in repairs and operating costs (or $333 per motorist) and car fatalities cost each Americans an additional $819 in medical and other costs.[12] Americans also spend 4.2 billion hours a year stuck in traffic at a cost of $78.2 billion a year in wasted time and fuel costs ($710 per motorist).[13]

Unfortunately, our aviation infrastructure is also in need of significant upgrades. While air traffic is predicted to increase two to three times by 2025,[14] the current Air Traffic Control

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Bridge Programs Mobility Measures," U.S. Department of Transportation Federal Highway Administration, http://www.fhwa.dot.gov/bridge/mobility.cfm, accessed July 14, 2011.

[4] Federal Highway Administration Website, "Status of the Nation's Highways, Bridges, and Transit: 2004 Conditions and Performances," http://www.fhwa.dot.gov/policy/2004cpr/chap15c.htm, accessed July 14, 2011.

[5] Research and Innovative Technology Administration Bureau of Transportation Statistics Website, "Structurally Deficient and Functionally Obsolete Bridges: All Roadways, 1992-2002," http://www.bts.gov/publications/transportation_statistics_annual_report/2004/html/chapter_02/figure_11_05.html, accessed July 14, 2011.

[6] Federal Highway Administration Website, "2008 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance," http://www.fhwa.dot.gov/policy/2008cpr/, accessed July 14, 2011.

[7] E-mail from Department of Transportation Congressional Liaison, July 8, 2011

[8] CRS Report RL34127, "Highway Bridges: Conditions and the Federal/State Role," Congressional Research Service, August 10, 2007, http://www.crs.gov/pages/Reports.aspx?PRODCODE=RL34127&Source=search, accessed July 11, 2011.

[9] American Society of Civil Engineers Website, "Roads," http://www.infrastructurereportcard.org/fact-sheet/roads, accessed July 14, 2011.

[10] "2006 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance," Department of Transportation, 2006, http://www.fhwa.dot.gov/policy/2006cpr/pdfs/chap3.pdf, accessed July 14, 2011.

[11] American Society of Civil Engineers Website, "Roads," http://www.infrastructurereportcard.org/fact-sheet/roads, accessed July 14, 2011.

[12] TRIP National Transportation Research Group Website, "Key Facts About America's Surface Transportation System and Federal Funding," http://www.tripnet.org/Fact_Sheet_National.pdf, accessed July 14, 2011

[13] American Society of Civil Engineers Website, "Roads," http://www.infrastructurereportcard.org/fact-sheet/roads, accessed July 14, 2011.

[14] "Business Case for the Next Generation Air Transportation System," Joint Planning Development Office, August 24, 2007, http://www.jpdo.gov/library/nextgen_business_case_ver_1.pdf, accessed July 14, 2011.

(ATC) system is already overwhelmed with 50,000 flights every day[15] and more than 700 million passengers every year.[16] GAO estimates that one in every four flights is already delayed.[17] In 2008, the Joint Economic Committee estimated that the costs of flight delays total $41 billion annually.[18]

The Inspector General for the Department of Transportation has concluded the current system "will not be sufficient to meet the anticipated demand for air travel or significantly reduce delays at already congested airports."[19] The current, radar-based air traffic control (ATC) system – which is less advanced than the global position satellite system (GPS) systems used by millions of Americans in their cars – needs to be updated. The Air Transport Association describes the current system as "relying on World War II-era radar and technologies."[20] This system forces airplanes to rely on ground-based, instead of satellite-based navigation systems and on human-centric ATC instead of automated assisted air traffic management. Total costs for the necessary technological improvements are around $40 billion in public and private costs.[21]

Since the last transportation authorization bill (SAFETEA-LU), Congress has committed funding amounts that are significantly greater than the amounts being collected for the HTF. While the trust fund had an excess of almost $11 billion in FY05 ($20 billion in FY00), it ran out by the end of FY08. As a result, Congress has bailed out the HTF three times since FY08 for a total of $35 billion.[22] The Congressional Budget Office (CBO) estimates an annual shortfall in the HTF of $13 billion to $14 billion and that the HTF will have drained the last of the $35 billion in bailout funds by the summer of 2012.[23]

A similar story applies to Congress' management of the AATF where Congress drained a balance of $7.35 billion in FY01 to a low of $300 million in FY09. In FY10, the AATF balance

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[15] GAO Report: GAO-08-1154T, "Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen," United States Government Accountability Office, September 11, 2008, http://www.gao.gov/new.items/d081154t.pdf, accessed July 14, 2011.

[16] Inspector General Report: AV-2008-087, "Observations on Short-Term Capacity Initiatives," FAA Inspector General, September 26, 2008, http://www.oig.dot.gov/sites/dot/files/pdfdocs/WEB_FILE_Short_Term_Capacity_Initiatives_av-2008-087.pdf, accessed July 14, 2011.

[17] GAO Report: GAO-08-1154T, "Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen," United States Government Accountability Office, September 11, 2008, http://www.gao.gov/new.items/d081154t.pdf, accessed July 14, 2011.

[18] Levin, Alan, "Flight Delays Cost Economy $41B in '07," *USA Today*, May 22, 2008, http://www.usatoday.com/travel/flights/delays/2008-05-22-travel-delays-billions_N.htm.

[19] Scovel, Calvin, "Testimony before the House Committee on Science and Technology in a hearing titled "*The Next Generation Air Transportation System: Status and Issues*," FAA Inspector General, September 11, 2008, http://www.gpo.gov/fdsys/pkg/CHRG-110hhrg44270/html/CHRG-110hhrg44270.htm.

[20] U.S. Travel Association Website, "Air Traffic Control Modernization," http://www.ustravel.org/government-affairs/domestic-policy-issues/air-traffic-control-modernization, accessed July 14, 2011.

[21] GAO Report: GAO-11-358T, "Airport and Airway Trust Fund: Declining Balance Rises Concerns over Ability to Meet Future Demands," Government Accountability Office, February 3, 2011, http://www.gao.gov/new.items/d11358t.pdf, accessed July 14, 2011.

[22] In 2008, Congress passed the first HTF bailout of $8.017 billion from the Treasury to the HTF (P.L. 110-318). In 2009, Congress passed another for $7 billion (H.R. 3357) and then a third one in 2010 (H.R. 2847) of $20 billion.

[23] "The Highway Trust Fund and Paying for Highways," Congressional Budget Office, May 17, 2011, http://cbo.gov/ftpdocs/121xx/doc12173/05-17-HighwayFunding.pdf, accessed July 14, 2011.

was about $770 million thanks to a General Fund Transfer of $1 billion and an overall increase of annual General Fund spending of $3.17 billion over the past two years.[24]

Federal transportation spending should only go to critical national priorities that ensure the safety and operability of crucial interstate infrastructure. Purely intrastate and parochial initiatives should not be prioritized by the federal government, but by states and localities. Congress can also no longer afford to spend billions of federal transportation dollars on non-transportation priorities such as scenic beautification, air quality, bike path, ferryboat, transportation museum, and pedestrian walkway projects.[25] DOT can also no longer afford to spend money on futuristic pie-in-the-sky projects such as high-speed rail when the state of our nation's bridges and roads is poor and our national debt is at record-high levels. Lastly, Congress must enable states to have greater freedom in spending the federal gasoline tax dollars collected in their states on state transportation priorities. Special interest provisions that drag out project costs and timelines must be either eliminated or dramatically reformed to further provide states with the ability to weather significant funding cuts in a down economy.

The goal of this plan is four-fold:

1. To reduce trust fund commitments to bring them into line with expected revenues and prohibit any future Congressional bailouts;
2. To eliminate any non-critical General Fund spending within DOT;
3. To eliminate or reform unfunded mandates and non-transportation-related requirements that increase transportation project costs and timelines; and
4. To enable states to opt-out out of the Federal-Aid highway program or Mass Transit Programs funded by HTF spending.

In FY10, DOT received total appropriations $76.86 billion, including $54.244 billion from trust funds and $21.877 billion from the Treasury. This plan would reduce and reform trust fund spending to increase the effectiveness of this spending and decrease spending from non-trust fund sources. In total, this plan reduces spending by $19.777 billion in FY12 and $192.228 billion over ten years. This includes a cut of $9.776 billion in FY12 for trust fund spending cuts and $10.002 billion in FY12 in General Fund spending cuts, and $109.716 billion over the next ten years in trust fund spending cuts and $82.513 billion in General Fund spending cuts over the next ten years.

Department-Wide Reforms

In 2008 as part of the FY09 budget proposal, the Bush Administration proposed to rescind any highway and bridge earmark from the 1998 highway bill (TEA21) that had less than 10 percent of funds spent or obligated. This reform was estimated to save $626 million – including $389 million in 152 earmarks that had 0 percent of funding obligated a decade after passage. DOT Secretary Ray LaHood also endorsed the proposal to rescind these unused old earmarks.

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[24] GAO Report: GAO-11-358T, "Airport and Airway Trust Fund: Declining Balance Rises Concerns over Ability to Meet Future Demands," Government Accountability Office, February 3, 2011, http://www.gao.gov/new.items/d11358t.pdf, accessed July 14, 2011.

[25] Coburn, Tom, "Out of Gas: Congress Raids the Highway Trust Fund for Pet Projects While Bridges and Roads Crumble," July 2009, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=80b3458b-b6e2-470a-be24-bb82b93d10c2.

A January a *USA Today* article further examined unspent, old earmarks and found:

- For at least 3,649 of those earmarks, not a single dollar had gone toward its intended purpose;
- Almost 1 in 3 highway dollars earmarked since 1991 — about $13 billion — remains unspent;
- Orphan earmarks count against a state's share of federal highway funds and have taken billions of dollars away from state transportation departments across the nation;
- During the past 20 years, orphan earmarks reduced the amount of money that states would have received in federal highway funding by about $7.5 billion;
- Some orphan earmarks are leftovers from long-completed projects, including 1991 earmarks "for various transportation improvements in connection with the 1996 Olympics."[26]

The 112th Congress has endorsed variations of this proposal with the Senate agreeing to eliminating earmarks across all agencies that remain 90 percent or more unused nine years after being appropriated,[27] and the President recently signed an appropriations bill that rescinded earmarks within the 1998-passed Transportation Equity Act for the 21st Century (Public Law 105-178) for which less than ten percent has been obligated.[28] This budget recommends adopting the Senate-passed language and rescinding all federal earmarks nine years or older that have obligated ten percent or less of their federal commitments. Expected savings for DOT are at least $26 million in FY12[29] and $260 million over ten years.

DOT also ends each fiscal year with billions of dollars in unobligated funds that are not earmarks. In 2009, the total amount of unobligated DOT funds was approximately $26 billion, but two years later, DOT has $58.663 billion in unobligated funds.[30] These funds have yet to be assigned to any federal project. This budget recommends rescinding funds that have been unobligated for more than five years to reduce our deficit. This will ensure that any funds rescinded are low-priority, since if they were high priority, they would have been obligated within five years of being appropriated. According to DOT, there are least $830 million in unobligated funds ten years or older.[31] Under Washington budget scoring rules, a rescission of $2 unobligated balances will yield a savings of $1. Consequently, expected savings are considerably more than $430 million in FY12 and over ten years.[32]

Reduce Administrative Expenses for the Department

For fiscal year 2012, the Obama Administration has recommended reducing the administrative budget of DOT by $98 million. This would include reforms to travel and relocation, printing,

[26] Podkul, Cezary and Kort, Gregory, "'Earmarks' to nowhere: States losing billions," *USA Today*, January 2011, http://abcnews.go.com/Politics/earmarks-states-losing-billions/story?id=12540712.
[27] S.AMDT.64 to S. 223, 112th Congress.
[28] P.L. 112-10, Section 2211.
[29] E-mail from the Department of Transportation Budget Office to Senator Coburn's office, July 16, 2011.
[30] "Balances of Budget Authority Budget of the U.S. Government, Fiscal Year 2012," Office of Management and Budget, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/balances.pdf.
[31] "Department of Transportation Unspent Grants Prior to FY2002," Department of Transportation Spreadsheet, July 16, 2011.
[32] "Department of Transportation Unspent Grants Prior to FY2002," Department of Transportation Spreadsheet, July 16, 2011.

supplies and materials, and service spending.[33] Instituting these reforms is expected to save $98 million in FY12 and $1.074 billion over ten years.

Federal Aviation Administration (FAA)

FAA received almost $16 billion in FY10 appropriations ($15.992 billion). Within FAA, funding is broken into four different categories: Operations ($9.35 billion), Facilities & Equipment ($2.936 billion), Research, Engineering, & Development ($191 million), and Grants-in-Aid for Airports/Airport Improvement Program ($3.515 billion).[34]

The Airport and Airway Trust Fund (AATF) finances most of FAA's budget and is funded primarily by passenger and international travel taxes.[35] Unlike the Highway Trust Fund (HTF), most of the AATF is subject to Congressional appropriations, meaning Congress has to appropriate AATF spending before funds can be spent. The AATF typically finances about 80 percent of the FAA's total budget, including:

- All of the federal funding for capital improvements to the aviation system, including:
    - The Airport Improvement Program (AIP);
    - The Facilities and Equipment account; and
    - The Research, Engineering, and Development account;
- Most of the funds for FAA's operations account (Air Traffic Control and Safety Inspection), varying between 43 percent and 85 percent.
- All but $50 million of the Essential Air Service (EAS) program – even though it is administered by DOT, instead of FAA.

In FY10, the AATF balance was about $770 million according to the Government Accountability Office (GAO).[36] However, this balance has declined from about $7.35 billion in FY01 to a low of $300 million in FY09. According to GAO, Congress has drained AATF by changing how future revenues are calculated in 2000. Funding levels are now based off of the revenue collections in the first quarter of the preceding year. In 9 of the past 10 years, forecasts have exceeded actual revenues to a total of over $9 billion.[37] To make up for the potential shortfall, more General Fund Revenue has been used to supplement FAA appropriations (including a $1 billion injection in FY09). General Fund appropriations have increased by 138 percent over the last 10 years (including a $3.07 billion increase over just the past two years) while AATF appropriations have only increased by 2 percent.[38] In FY10, 33 percent of FAA

[33] Office of Management and Budget, Executive Office of the President, Budget of the U.S. Government, "Fiscal Year 2012 Terminations, Reductions, and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf, accessed July 14, 2011.
[34] E-mail response from the Federal Aviation Administration Congressional Liaison to Senator Coburn's office, July 8, 2011.
[35] "Financing Federal Aviation Programs," Congressional Budget Office, May 7, 2009, http://cbo.gov/ftpdocs/101xx/doc10116/FAA_testimony.pdf.
[36] GAO Report: GAO-11-358T, "Airport and Airway Trust Fund: Declining Balance Rises Concerns over Ability to Meet Future Demands," Government Accountability Office, February 3, 2011, http://www.gao.gov/new.items/d11358t.pdf, accessed July 14, 2011.
[37] GAO Report: GAO-11-358T, "Airport and Airway Trust Fund: Declining Balance Rises Concerns over Ability to Meet Future Demands," Government Accountability Office, February 3, 2011, http://www.gao.gov/new.items/d11358t.pdf.
[38] GAO Report: GAO-11-358T, "Airport and Airway Trust Fund: Declining Balance Rises Concerns over Ability to Meet Future Demands," Government Accountability Office, February 3, 2011, http://www.gao.gov/new.items/d11358t.pdf, accessed July 14, 2011.

expenditures came from the General Fund ($5.35 billion), including 57 percent of the Operations budget.[39]

In recent years, collections have totaled between $10 and 12 billion annually. Fluctuations have occurred as a result of economic conditions that either encourage or discourage air travel. In the last few years, revenues have gone from $12 billion in FY08 to $10.7 billion FY09, to just over $11 billion in FY10. Because of the change in revenue forecasts, Congress has consistently appropriated more money than is actually available, leading to more General Fund revenue spending and an increased national debt.[40]

This plan recommends limiting appropriations of the AATF funds to 90 percent of expected revenues, ensuring somewhat of a buffer in case revenue projections are overly optimistic. This approach will reduce the need for General Fund Transfers and was endorsed earlier this year by the Senate Finance Committee and included in the Senate-passed FAA reauthorization bill (S. 223).

Increasing the Effectiveness of AIP Funding

While Congress and the FAA agree that significant technological and infrastructure improvements are necessary to upgrade our aviation system, Congress has failed to ensure funding is being prioritized for these "NextGen" developments. NextGen development has been identified as the necessary solution to capacity and safety concerns with the current Air Traffic Control (ATC) system for more than 10 years, but progress has been slow. In 2003, Congress created the Joint Planning and Development Office (JPDO) to implement a 20-year plan on how to adopt NextGen by 2025.[41]

It is expected that completing this system will cost between $15 and $22 billion for the federal government and between $14 and $20 billion for the airplane industry[42] yet Congress only appropriated $188 million for NextGen in 2008, $638 million in 2009, and $868 million in 2010. At the same time, Congress appropriated billions of dollars in parochial and low-priority projects. These projects further dilute the impact of available funds and drives up the overall cost of FAA programs.

Many of these low-priority projects are funded through the Airport Improvement Projects (AIP) grant program, which received over $3.5 billion in FY10. AIP grant funding is usually spent on projects that support aircraft operations such as runways, taxiways, aprons, noise abatement, land purchase, and safety or emergency equipment. All funds come from the AATF. While large airports receive AIP funding as well, small airports are more dependent on AIP grants than large or medium-sized airports. Unfortunately, funding has often been misspent on low-priority

[39] E-mail from the Federal Aviation Administration Congressional Liaison to Senator Coburn's office, July 8, 2011.
[40] GAO Report: GAO-08-1154T, "Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen," United States Government Accountability Office, September 11, 2008, http://www.gao.gov/new.items/d081154t.pdf.
[41] P.L. 108-176.
[42] GAO Report: GAO-08-1154T, "Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen," United States Government Accountability Office, September 11, 2008, http://www.gao.gov/new.items/d081154t.pdf, accessed July 14, 2011.

projects at small airports at the cost of critical technological improvements at larger airports that are struggling with congestion and aviation safety.

One significant reason for this is that AIP has an incredible federal cost-share of 95 percent for non-primary airports (airports that have less than 10,000 enplanements annually). This rate was recently increased from 90 percent,[43] to 95 percent.[44] The current rate is 20 percent higher than the same cost-share for other airports qualifying for AIP funding.[45] This high federal cost-share has contributed to dozens of low-priority AIP projects that crowd out more important aviation projects and prohibit effective leveraging of valuable AIP funds.

Because of the small local commitment, small airports are encouraged to find projects to fund with valuable AIP grants. Often, this results in non-priority projects being funded:

- The Pellston Regional Airport in northern Michigan, which averaged 66 departing passengers a day in 2009, receiving $7.5 million from federal taxpayers to build a 34,500-square-foot, lodge-style building with three stone fireplaces, ticket counters with stone facade and exposed log beams decorating the business center, observation deck and lounge with picture windows. State and local costs totaled $900,000. Since the terminal opened in 2004, the number of departures has dropped 22 percent and the number of departing passengers has decreased by 32 percent.[46]
- Kentucky's Williamsburg-Whitley County Airport receiving $11 million in federal money to build an airport with a 5,500-foot lighted runway, a Colonial-style terminal with white columns, and hundreds of acres for growth, even though it does not have any airline passengers and is used only by private airplanes. On a typical day, the airport has just two or three flights.[47]
- A general aviation airport with 46 planes on 45-acres in Delaware getting a new 4,200-foot runway built. This project was funded through a $909,806 American Recovery and Reinvestment Act (aka, federal "stimulus" program) grant – an award that was promptly criticized by the DOT IG for its questionable economic merit. Since 2001, the state [has] collected about $13.7 million in AIP grants for the runway construction project. Another $6 million is expected to complete this project by 2015. The stimulus award was part of $1.1 billion in the bill designated for AIP projects. Barely two weeks after the grant was awarded, the IG singled out the Delaware Airpark grant as one of six that didn't meet the FAA's threshold for establishing the highest priority projects for stimulus grants. "We found no evidence in FAA's project justification documents that Agency officials considered the long-term economic merits…" the report, as recounted by *The New Journal*, states.[48]

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[43] (49 USC 47109(a)).
[44] P.L. 108-176.
[45] (49 USC 47109).
[46] Frank, Thomas, "72-passenger-a-day airport gets $7.5M for terminal," December 14, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm.
[47] Frank, Thomas, "Feds keep little-used airports in business," September 17, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-09-17-little-used-airports_N.htm.
[48] Eder, Andrew, "Airpark's federal grant afloat in jet stream of controversy: Economic merit of runway project debated," *The News Journal*, January 5, 2010, http://www.delawareonline.com/article/20100105/NEWS/1050335/Airpark-s-federal-grant-afloat-in-jet-stream-of-controversy.

- Halliburton Field Airport in Duncan, OK, getting $700,000 for a terminal with a pilot room and a reception room. The airport, open only to private planes, has 24 landings and takeoffs a day, mostly local pilots in piston-engine planes.[49]
- Idaho's Pocatello Regional Airport spending $7 million of its $18 million in federal funds on low-priority projects since 1998. That includes $1.6 million in 2006-07 to renovate the deteriorating parking lot that is free of charge."[50]
- Lake Cumberland Regional Airport in Kentucky getting $3.5 million to build a glass-fronted terminal in 2004 when the airport had no passenger flights. This has handled about 80 takeoffs and landings a day of private planes, FAA figures show, until June of 2009 when Locair began flights to three destinations, including Washington.[51]
- $100 million being spent in earmarked AIP funds for 11 small airports where one of the two major cargo carriers (UPS or FedEx) has a large operation with daily flights. The funds have paid to expand or upgrade runways and taxiways to handle the large jets flown by FedEx and UPS. Over a nine-year period, Texans in Congress have steered $26 million to lengthen two runways at Fort Worth Alliance Airport to 11,000 feet from their current spans of 9,600 feet and 8,220 feet. FedEx is the only carrier that uses the runways on a regular basis.[52]
- Montana's Great Falls International Airport receiving $7.5 million in earmarked funds from 2001 to 2005 to install for FedEx a system that lets planes take off and land in low visibility.
- Louisville's International Airport receiving $11.2 million in earmarks since 2002 to expand a runway and build a taxiway to handle wide-body jets that UPS was planning to fly to Europe and Asia. Even though UPS canceled its plan in 2007 to buy wide-body jets, the airport is finishing the work to handle them.[53]
- Statesville Regional airport in North Carolina getting $6.5 million in earmarks from 2003 to 2008 to extend its runway to accommodate Lowe's five corporate jets based at the airport.[54]

When even the former Transportation Committee Chairmen in the House of Representatives, who co-sponsored the bill to increase the federal cost-share, concludes that the current cost-share is "too high,"[55] Congress should take note. The high federal cost-share led the appropriation of millions in wasteful projects in the eyes of everyone, including many of the airport managers that benefitted from them. The Pocatello airport manager concluded when asked about using AIP funds to repave a parking lot, "A parking lot is probably the lowest-priority project eligible, even

[49] Frank, Thomas, "72-passenger-a-day airport gets $7.5M for terminal," December 14, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm.
[50] Frank, Thomas, "72-passenger-a-day airport gets $7.5M for terminal," December 14, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm.
[51] Frank, Thomas, "Airports get $1.1B for pet projects," *USA Today*, November 2, 2009, http://www.usatoday.com/NEWS/usaedition/2009-11-02-1Aearmark02_ST_U.htm?csp=34.
[52] Frank, Thomas, "UPS, FedEx reap the benefits of airports' pet projects," November 2, 2009, *USA TODAY*, http://www.usatoday.com/news/washington/2009-11-01-earmarks-side_N.htm?loc=interstitialskip.
[53] Frank, Thomas, "UPS, FedEx reap the benefits of airports' pet projects," November 2, 2009, *USA TODAY*, http://www.usatoday.com/news/washington/2009-11-01-earmarks-side_N.htm?loc=interstitialskip.
[54] Frank, Thomas, "Airports get $1.1B for pet projects," *USA Today*, November 2, 2009, http://www.usatoday.com/NEWS/usaedition/2009-11-02-1Aearmark02_ST_U.htm?csp=34.
[55] Frank, Thomas, "Feds keep little-used airports in business," September 17, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-09-17-little-used-airports_N.htm.

below the terminal. The fact that we did not have other projects that were essential at that time made it a good use of those funds." Idaho's Pellston airport manager defended the decadent terminal project for his small airport by claiming: "It's every airport's job to get as much as it can for itself."[56]

This plan recommends increasing the local cost-share over three years – from 95 percent to 85 percent in FY12, 80 percent in FY13, and 75 percent in FY14, giving airport managers and communities greater flexibility in meeting their construction needs while making the cost-share consistent for all airports.

Further leveraging these funds will not only increase the number of projects that can be funded, but increase the effectiveness of AIP nationally. It will also enable the AIP program to effectively weather a budget-recommended decrease in the AIP program of $1 billion annually. President Obama has also recommended reducing $1 billion in AIP funds in his budget for FY12.[57] This $1 billion decrease will be applied to General Fund FAA appropriations and result in $10.958 billion in savings over the next decade.

Another reason for waste within AIP is that many of these projects were earmarks. According to a review by the Department's Inspector General, "many earmarked projects considered by the agencies as low priority are being funded over higher priority, non-earmarked projects."[58]

In fact, 99 percent of reviewed earmarks (which totaled over $400 million) were not subject to the FAA's authority review. For AIP earmarks, 42 percent of the earmarks sampled would never have been even considered for funding by the FAA. A candidate for an AIP grant would be part of the national Airport Capital Improvement Plan (ACIP), which is formulated by FAA in cooperation with states, planning agencies, and airport sponsors. In all cases, the planning process culminates in a list of priority projects to be funded within a given time frame." 53 of the 125 earmarked AIP projects would not have even been considered for funding.[59] This plan recommends maintaining the earmark prohibition.

Lastly, Congress must also amend AIP award criteria to ensure the most important national aviation projects are funded with federal funds. According to *USA Today*, there are 2,834 airports nationwide with no scheduled passenger flights. In comparison, there are 139 well-known commercial airports that handle almost all passenger flights. AIP has been used by Congress to direct $15 billion to general-aviation airports.

- Half of the airports are within 20 miles of another private-aviation airport.
- The funding for such airports soared from $470 million in 1999 to $1 billion in 2007, even as private flying declined by 19 percent during that period and commercial air

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[56] Frank, Thomas, "72-passenger-a-day airport gets $7.5M for terminal," December 14, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-12-13-airports-side_N.htm.
[57] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2012 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf.
[58] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf.
[59] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf.

traffic congestion became a major problem and federal funding for the necessary technology is lacking. In 2009, small airports received $1.2 billion.

- General-aviation airports are vastly underused. A USA Today analysis of aviation plans in seven states indicates that more than half of their 312 general-aviation airports operate at less than 10 percent capacity. Nearly 90 percent operate at less than one-third of their capacity, well below the rates of larger airports that serve commercial passengers.
- Three-quarters of general-aviation airports lose money every year and stay solvent only with cash from local taxpayers.
- Nearly 2,400 airports have received $10 billion combined in federal dollars while handling fewer than 80 flights a day, according to FAA flight estimates. Most of the flights carry only a few people. Chicago's O'Hare International Airport handles that many flights in a half-hour.
- Only 2 percent to 3 percent of general-aviation airports charge planes to land.
- FAA records show that 66 percent of the nation's private airplanes are flown primarily for "personal/recreational" use. An additional 6 percent are used for flight instruction. Just 16 percent are flown primarily for business purposes.[60]

Improving the criteria must also result in prohibiting FAA from making AIP grant awards on anything besides the criteria. In 2009, years later while reviewing stimulus FAA grants, the IG concluded that at least $272 million in grants were awarded by the Federal Aviation Administration (FAA) to airports that were rated as a low priority, calling into question why the awards were made.[61] This IG report found that AIP funds were awarded for total airport replacements when there were other nearby airports and transportation options and that AIP funds were also awarded to airports with prior grant management problems. The FAA defended these awards to projects that did not meet the threshold criteria by claiming "Just because something came in under [the threshold] doesn't mean it's disqualified."[62]

This plan recommends including criteria for AIP projects that require project applicants to set forth in their applications how their projects will address capacity, congestion, navigation, and safety problems or facilitate NextGen development at airports, and recommends requiring the FAA to use these criteria to prioritize AIP grants.

Congress should not be prioritizing over 2,000 airports with little to no commercial passengers each year over projects for critical national aviation improvements. These three reforms help turn a program that has been used to fund billions of dollars in questionable and low-priority funding into a program that advances a national and secure aviation network. Total savings resulting from these reforms are $10.958 billion over the next decade.

[60] Frank, Thomas, "Feds keep little-used airports in business," September 17, 2009, *USA TODAY*, http://www.usatoday.com/travel/flights/2009-09-17-little-used-airports_N.htm.

[61] Inspector General Advisory No. AA-2009-003, "ARRA Advisory – FAA's Process for Awarding ARRA Airport Improvement Program Grants," Department of Transportation Inspector General, August 6, 2009, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Final_ARRA_Advisory_AIP_(3).pdf.

[62] Conkey, Christopher, "FAA Stimulus Recipients Got Low Priority Ratings," *Wall Street Journal,* October 7, 2009, http://online.wsj.com/article/SB125488410700569995.html.

Essential Air Service

Following deregulation of the airline industry in 1978, the Essential Air Service (EAS) program was created to give commercial airports not immediately supported by the market up to ten years to transition to a free-market system. This "temporary" program, like so many other federal programs, has morphed into a permanent $200 million subsidy program that utilizes a dozen airline carriers in over 150 communities.

The effectiveness of this program as anything other than enabling commercial airports to remain afloat is questionable, since the goal of the program was to help airports transition away from federal subsidies for air carrier service. The Government Accountability Office found in 2009 that subsidies continue to increase even as low-cost carriers have increased air service "raise concerns about whether the program can continue to operate as it has."[63] In the same report, GAO also found that these low-cost flights at non-subsidized airports are often more convenient and cheaper than EAS flights.

According to recent FAA data, taxpayers subsidize air service at 37 EAS airport communities within the continental U.S. airport that are less than 100 miles from other commercial airports at $53 million each year. One such example is in Macon (GA), 80 miles from one of the largest airports in the country – Atlanta's Hartsfield-Jackson International Airport. The 35-minute flight to Macon costs passengers just $39 per seat, but taxpayers are left with a $464 bill. Even when there are no passengers, the flights continue. What's even more outrageous is that a similar flight is heavily subsidized just 70 miles from Atlanta's airport in Athens as well. Taxpayers there pay "only" $135 per passenger.[64]

Additionally, according to recent FAA data, taxpayers subsidize air service at 25 airports (not including airports in Alaska) that have less than 10 passengers a day at $34 million annually.[65] The argument behind EAS is that small communities needed help subsidizing commercial air service because before deregulation, such service was commonly used. However, when airports are averaging fewer than 10 passengers a day, the question is whether or not there is any need for commercial service in the first place.

With the increase in low-cost flights at regular commercial airports and the growth of these airports, taxpayers should not be expected to subsidize air service indefinitely, especially in communities that are close to other airports and barely have any passengers. With the exception of EAS communities in Alaska, which face significant transportation constraints, this plan recommends phasing out the entire EAS program over five years, but, initially, only eliminates EAS airports within 100 miles of any non-EAS commercial airport or with less than 10 passengers a day immediately. This reform phase-in will allow states and communities receiving EAS subsidies to determine whether or not impacted air communities are worthy of state and local funding. The Congressional Budget Office has also recommended that Congress consider

[63] GAO-09-753, "National Transportation System, Options and Analytical Tools to Strengthen DOT's Approach to Supporting Communities' Access to the System," Government Accountability Office, July 2009, http://www.gao.gov/new.items/d09753.pdf, accessed July 14, 2011.
[64] "Tax Dollars Wasted on Empty Airline Flights," October 29, 2010, WSBTV.com (Atlanta), http://www.wsbtv.com/news/25567372/detail.html.
[65] Calculations based off of spreadsheets supplied by Department of Transportation Congressional Affairs, July 8, 2011.

eliminating EAS in its budget options.[66] Savings would be $78 million in FY12 and $1.677 billion over ten years.[67] This includes $548 million in General Fund savings and $1.129 billion AATF savings.

Small Community Air Service Development Program (SCASDP)

The Small Community Air Service Development Program (SCASDP) program was created in 2000 to help underserviced small community airports enhance their commercial air service with temporary help.[68] SCASDP grants go to communities that desire more air carrier service or lower air fares and are mainly used as marketing enhancement for existing airlines, revenue guarantees to attract new commercial routes that would otherwise be unsustainable or a combination of both. Since 2002, there have been 256 grants awarded for over $117 million. EAS communities are also eligible for these subsidies.[69]

The Department of Transportation's Inspector General found a 70 percent failure rate for SDASDP grants awarded from 2001-2003, stating "Most Projects Failed to Fully Achieve Their Objectives" and 62.5 percent of all grants did not accomplish any of their objectives.[70] Wasteful examples of projects include:

- Tunica Municipal Airport, located ***39 miles*** from Memphis International Airport, received funds to establish its first scheduled commercial service route to Atlanta.[71] Tunica, MS, a small gambling community, received the grant based on a cost sharing arrangement with local casinos, partnering tax payer dollars with gambling revenue to subsidize potential gamblers' travels that do not want to make the short drive from the major airport in Memphis. The SCASDP funded route ended with the expiration of the revenue guarantees.[72]
- Rockford-Chicago Airport, located ***72 miles*** from Chicago O'Hare (the third busiest airport in the world) received a grant in 2009 to establish new service to a priority business destination, despite having received a SCASDP grant in 2005 to accomplish the same goal. The previous grant failed to make the Chicago-Rockford to Denver route sustainable without revenue guarantees. A spokeswoman at the airport referred to the federal grant money as a "risk-free trial."[73]
- Palmdale Regional Airport, located ***73 miles*** from Los Angeles International airport (the 7th busiest airport in the world) was a 2006 SCASDP recipient of a grant to establish its

[66] "Budget Options Volume 2" Congressional Budget Office, August 2009, http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf.
[67] Calculations based off of spreadsheets supplied by Department of Transportation Congressional Affairs, July 8, 2011.
[68] Department of Transportation Office of Aviation Analysis (website), "Small Community Air Service Development Program," http://ostpxweb.dot.gov/aviation/X-50%20Role_files/smallcommunity.htm#Use, accessed July 14, 2011.
[69] "Subsidized Essential Air Service Outside of Alaska," Department of Transportation EAS and Domestic Analysis Division, January 1, 2010, http://ostpxweb.dot.gov/aviation/x-50%20role_files/NonAlaska010110.pdf.
[70] Report Number: CR- 2008-051, "The Small Community Air Service Development Program," Department of Transportation, May 13, 2008, http://ostpxweb.dot.gov/aviation/X-50%20Role_files/OIG_Report_May_2008.pdf.
[71] Docket Number: OST-2009-0149, "Mississippi Tunica Airport Proposal," Department of Transportation Office of Aviation Analysis, August 28, 2009, http://www.regulations.gov/#!documentDetail;D=DOT-OST-2009-0149-0039.
[72] Tunica Airport (website), "Flight Schedule," http://www.tunicaairport.com/flight-information/flight-schedule, accessed July 14, 2011.
[73] Bona, Thomas V, "RFD gets $500,000 grant to attract more passengers," *Rockford Register Star*, February 12, 2010, http://www.rrstar.com/carousel/x1025060394/RFD-gets-500K-grant-to-attract-more-fliers.

first commercial route from the airport to San Francisco through revenue guarantees.[74] United Airlines discontinued the new route the day after the grant funds expired.[75]

- Two primary airports in Knoxville, TN and Huntsville, AL, with more than 1.35 million enplanements combined in 2009, used SCASDP grants for revenue guarantees to establish new commercial service routes. McGhee-Tyson Airport in Knoxville used the funds to attain air service to the vacation destination of Myrtle Beach, SC, and Huntsville International Airport used its grant to establish a new route to Baltimore/Washington International even though it already had unsubsidized service to the two other Washington, D.C. area airports.[76]
- Dothan Regional Airport, located within ***120 miles*** of six airports with better service and more competitive rates, received a SCASDP grant for the second time in 2010. The previous attempt in 2002 failed to sustain commercial airline service despite being tagged with the special Air Zone Development designee. This tag constitutes direct help from the Secretary of Transportation along with additional assistance from the Department of Commerce to attract business and improve land development in the designated area.[77]
- An SCASDP grant was used by a Port Angeles, WA airport to hire a marketing advisor, whose strategy was to put the airport on the approved General Services Administration Airports so that government workers assigned to a local federal project could be reimbursed to fly there. This federal grant essentially paid $360,000 for an employee to find a way to use government money to reimburse government workers so they can fly to a more conveniently located airport to work on a government funded project.[78]

For the third year in a row, the president's budget proposal did not request any funding for the Small Community Air Service Development Program.[79] This plan similarly recommends eliminating this wasteful program with a 70 percent failure rate. Expected savings from this reform are $7 million annually and $76.7 million over ten years.

Conclusion

With a compelling need for substantial investment in and oversight of NextGen technology improvements that are estimated to cost in the range of $40 billion[80] and with an all-time high debt of more than $14 trillion, Congress cannot afford to waste limited federal funds and

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[74] "Los Angeles World Airports, City of Palmdale Request Airline Proposals for Commercial Air Service at Palmdale Regional Airport," *Market Wire*, November 20, 2006, http://www.redorbit.com/news/business/738703/los_angeles_world_airports_city_of_palmdale_request_airline_proposals/index.html.

[75] Weikel, Dan, "Officials seek to boost regional airports," *Los Angeles Times,* November 18, 2008, http://articles.latimes.com/2008/nov/18/local/me-regional18.

[76] Clines, Keith, "Huntsville International Airport receives $1 million federal grant to woo low-fare carrier," *The Huntsville Times*, February 19, 2010, http://blog.al.com/breaking/2010/02/huntsville_international_airpo_3.html.

[77] Docket: DOT-OST-2009-0149, "Dothan Regional Airport," U.S. Department of Transportation, August 28, 2009, http://www.regulations.gov/#!documentDetail;D=DOT-OST-2009-0149-0007.

[78] Dickerson, Paige "Kenmore Air eyes setting up Expedia, Travelocity links," *Peninsula Daily News,* August 9, 2010, http://www.peninsuladailynews.com/article/20100810/NEWS/308109993/kenmore-air-eyes-setting-up-expedia-travelocity-links.

[79] "Fiscal Year 2012 Budget of the U.S. Government Appendix," Office of Management and Budget, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/appendix.pdf, (page 890).

[80] GAO Report: GAO-08-1154T, "Next Generation Air Transportation System: Status of Key Issues Associated with the Transition to NextGen," United States Government Accountability Office, September 11, 2008, http://www.gao.gov/new.items/d081154t.pdf, accessed July 14, 2011.

Congressional attention on parochial and wasteful projects. The goal for Congress should be to ensure a strong and secure federal aviation network – not to use aviation funds for economic development in communities.

This plan reduces FAA spending by $1.085 billion in FY12 and by $12.712 billion over ten years.

Federal Highway Administration

The Federal Highway Administration (FHWA) administers the Federal-Aid Highway Program – the program that funds interstate highway construction. This agency administers the majority of DOT funding with an FY10 appropriation of $42.789 billion. Almost all of this funding comes from highway user fees also known as federal gasoline taxes ($41.846 billion). These user fees are deposited in the Highway Trust Fund (HTF) and appropriated by Congress.

The HTF is supposed to fund surface transportation and is split into the highway account and the mass transit account. The primary revenue sources (about 90 percent) for these accounts are the 18.4 cent per gallon tax on gasoline and a 24.4 cent per gallon tax on diesel fuel. The transit account receives 2.86 cents per gallon of fuel taxes, and there is also a 0.1 cent per gallon fuel tax reserved for the leaking underground storage tank (LUST) fund.

According to the Congressional Research Service, "The Highway Revenue Act of 1956 established the federal Highway Trust Fund for the direct purpose of funding the construction of an interstate highway system, and aiding in the finance of primary, secondary, and urban routes."[81] However, "the federal role in surface transportation has expanded to include broader goals and more programs."[82] In 1983, Congress divided the HTF into the Highway Account and the Mass Transit Account, and in subsequent highway reauthorization bills in 1991, 1998, and 2005 Congress added a variety of non-highway projects as well.

Unfortunately, increasing the type of projects that are eligible for HTF funding has helped bankrupt the HTF. Additionally, the last transportation reauthorization bill (SAFETEA-LU) purposefully sought to deplete almost the entire HTF surplus (expected outlays exceeded expected revenue by $10.4 billion over the five-year authorization – leaving only an expected $0.4 billion out of the $10.8 billion surplus). As Government Accountability Office (GAO) puts it:

> "This left little room for error… A revenue shortfall of even 1 percent below what SAFETEA-LU had predicted over the 5-year period would result in a cash shortfall in the account balance."[83]

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[81] CRS Report: RL30304, "The Federal Excise Tax on Gasoline and the Highway Trust Fund: A Short History, Congressional Research Service," April 4, 2006.
[82] GAO-08-400, "Surface Transportation: Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs," Government Accountability Office, March, 2008, http://www.gao.gov/new.items/d08400.pdf, accessed July 14, 2011.
[83] GAO-09-845T, "Highway Trust Fund: Options for Improving Sustainability and Mechanisms to Manage Solvency," Government Accountability Office, June 25, 2009, http://www.gao.gov/new.items/d09845t.pdf.

While the FY10 appropriation was almost $43 billion, the Congressional Budget Office (CBO) estimates that actual HTF revenues were around $30 billion, meaning that Congress has enabled an annual deficit in HTF spending of $13 billion or more than 40 percent. CBO estimates that under the current circumstances the HTF will be drained by the summer of 2012.[84]

This is all the more remarkable because Congress has not only drained $11 billion in previous HTF reserves since FY2005 (and $20 billion since FY2000), but also $35 billion in Congressional bailout funds.[85] This $35 billion was immediately added to our national debt and will never be paid back from HTF payments. Congress never bailed out the HTF in its history until 2008. Since then, it has bailed out the HTF twice more. This means that in less than three years, Congress has already transferred $35 billion to the HTF without changing spending transportation spending levels.

Despite this record funding, GAO found that "large increases in federal expenditures for transportation in recent years have not commensurately improved system performance."[86] Additionally, GAO found substantial duplication and mismanagement resulting from "a fragmented approach" to funding national transportation needs.[87] There are more than 100 programs being administered by DOT and FHWA – many of which have duplicative functions. President Barack Obama has recognized the difficulty in effectively administering these "duplicative, often-earmarked" programs and has recommended consolidating 55 FHWA programs and merging them into five separate accounts.[88]

To address the huge funding gap in the HTF and to eliminate wasteful and low-priority spending, this plan similarly recommends consolidating all FHWA programs into five major accounts:

1. National Highway System;
2. Interstate Maintenance;
3. National Bridge Replacement and Maintenance;
4. Surface Transportation; and
5. National Highway Traffic Safety Administration.

With the exception of the safety account, these core accounts would be almost completely block-granted to states, leaving each state to decide how best to address its highway needs. Programs not specifically eliminated in this plan would be consolidated within the five core funding accounts based on the Administrator's determinations of best fit. While the merged programs would no longer exist, states could continue to fund projects eligible under the old programs with funds within the core account the old program was merged into. This approach is similar to both

[84] "The Highway Trust Fund and Paying for Highways," Congressional Budget Office, May 17, 2011, http://cbo.gov/ftpdocs/121xx/doc12173/05-17-HighwayFunding.pdf.

[85] In 2008, Congress passed the first HTF bailout of $8.017 billion from the Treasury to the HTF (P.L. 110-318). In 2009, Congress passed another for $7 billion (H.R. 3357) and then a third one in 2010 (H.R. 2847) of $20 billion.

[86] GAO-11-318SP, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," Government Accountability Office, March, 2011, http://www.gao.gov/new.items/d11318sp.pdf, accessed July 14, 2011.

[87] GAO-11-318SP, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," Government Accountability Office, March, 2011, http://www.gao.gov/new.items/d11318sp.pdf, accessed July 14, 2011.

[88] "Budget of the U.S. Government for Fiscal Year 2012, Department of Transportation Funding Highlights," Office of Management and Budget, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/transportation.pdf.

the President's recent approach and the Highway Reauthorization bill introduced in the House of Representatives by Representative John Mica.[89]

Taking only the FY10 funding for the first four accounts and the budgets of two DOT safety agencies totals less than $30 billion. This means that around $13 billion each year is spent on set-asides and other funding accounts, many of which are low-priority or non-core transportation funding accounts. By prioritizing only core national transportation concerns, Congress will enable states to weather a significant funding decrease, continue to address national infrastructure deficiencies, and help ensure better use of HTF revenues for taxpayers by giving states more discretion in how they want to spend these funds.

This plan recommends cutting $9.748 billion in FY12 and $108.806 billion over the next ten years in low-priority HTF funding within and outside of these core accounts and increasing the flexibility for states in using these funds for transportation projects. Within FHWA, this includes cuts of $8.661 billion in FY12 and $96.895 billion over ten years.

Eliminating Low Priority Spending

In addition to prioritizing these four main accounts, this plan recommends eliminating dozens of low-priority transportation programs to reduce the total amount appropriated from the HTF to match incoming revenues.

From the FHWA account, GAO found that from 2004 to 2008, $28 billion was wasted on projects that were not related to the maintenance and construction of highways and bridges.[90] By eliminating these programs and reducing overall appropriation levels, Congress will be ensuring that the HTF is healthy financially without increasing taxes on Americans and with minimal negative effects on critical national transportation infrastructure. Some examples of recent wasteful projects include:

- $878,000 for a pedestrian and bicycle bridge for a Minnesota town of 847;
- $2 million in stimulus funds will pay for a bike lane along a deteriorating road in Pennsylvania, where exasperated local officials say the road is so bad they may be forced to drive on the bike path instead;
- $1.6 million for a ferry boat program in Oklahoma that features Saturday morning cartoon cruises with Bugs Bunny and Wile E. Coyote on the ferry's flat screen T.V.;
- $84 million went for 398 pedestrian and bicyclist safety projects, including a brochure that encourages bicyclists to "Make eye contact, smile, or wave to communicate with motorists. Courtesy and predictability are a key to safe cycling;"
- $3.1 million in federal stimulus funds to make a historic canal boat a permanent floating museum in New York, in addition to the $28 million obligated for transportation museum funding from FY2004-2008;

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[89] House of Representatives Transportation and Infrastructure Committee Website, "Press Releases," July 7, 2011, http://transportation.house.gov/news/PRArticle.aspx?NewsID=1337, accessed July 15, 2011.
[90] Coburn, Tom, "Out of Gas: Congress Raids the Highway Trust Fund for Pet Projects While Bridges and Roads Crumble," July 2009, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=80b3458b-b6e2-470a-be24-bb82b93d10c2.

- $18 million for motorcyclist safety grants; which helped fund a "cruisin' without bruisin'" brochure reminding bikers to "Obey traffic lights, signs, speed limits, and lane markings … and always check behind you and signal before you change lanes;" and
- $3.4 million in federal stimulus funds for a road-kill reduction project in Florida, which will help turtles and other wildlife pass under a highway.[91]

The funding of these projects has real consequences on the condition of critical transportation infrastructure needs. As Oklahoma Department of Transportation Director Gary Ridley writes, "when the core transportation infrastructure of this Nation has an enormous backlog of unaddressed deficiencies, we simply question the merit of mandating transportation funding for peripheral projects and programs."[92]

Enhancements

Members of Congress unfairly mandated that ten percent of all surface transportation program (STP) funds (which total around $6.577 billion annually) be spent on "enhancements"[93] – including bike paths, sidewalks and flower beds along highways.[94] This mandate is outrageous, especially considering that it requires states with critical infrastructure needs to set aside its highway priorities for projects that are low priority and parochial. It is one thing for a state to demand bike projects in their state, but for Members of Congress from other states to dictate that their surface transportation funds must be spent on bike paths is inappropriate.

Including stimulus funds, more than $1 billion was spent on Transportation Enhancement Grants in FY09[95] and $571 million was spent in FY10.[96] According to a news article, recent DOT changes have resulted in giving biking and walking projects the same importance as automobiles in transportation planning and the selection of projects for federal money.[97] According to GAO, from 2004 to 2008, $3.7 billion was spent on transportation enhancement projects.[98] This included:

- $2 billion for 5,500 bike and pedestrian projects;
- $850 million for "scenic beautification" and landscaping projects;
- $224 million on Projects to rehabilitate and operate historic transportation buildings, structures, and facilities; and
- $28 million to establish 55 transportation museums.

[91] Coburn, Tom, "Out of Gas: Congress Raids the Highway Trust Fund for Pet Projects While Bridges and Roads Crumble," July 2009, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=80b3458b-b6e2-470a-be24-bb82b93d10c2.
[92] Ridley, Gary, "Testimony of Gary Ridley, Oklahoma Secretary of Transportation for a hearing before the Senate Environment and Public Works Committee entitled 'Issues for Surface Transportation Authorization,'" April 14, 2011, http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=5555a932-802a-23ad-4071-d449105588d5&Issue_id=
[93] Section 133(d)(2) title 23, & Section 1132 of the Energy Independence and Security Act of 2007.
[94] CRS Report: R41512, "Surface Transportation Program Reauthorization Issues for the 112th Congress," Congressional Research Service, December 1, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41512&Source=search.
[95] Department of Transportation Website, "Apportionments and Obligations, FY2009," http://www.fhwa.dot.gov/environment/te/appor_res_2009.htm, accessed July 14, 2011.
[96] E-mail from Department of Transportation Congressional Liaison to Senator Coburn's Office, October 26, 2010.
[97] "Obama administration spends $1.2 billion on cycling and walking initiatives," *The Telegraph*, June 16, 2010, http://www.telegraph.co.uk/news/worldnews/northamerica/usa/7834334/Obama-administration-spends-1.2-billion-on-cycling-and-walking-initiatives.html.
[98] Coburn, Tom, "Out of Gas: Congress Raids the Highway Trust Fund for Pet Projects While Bridges and Roads Crumble," July 2009, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=80b3458b-b6e2-470a-be24-bb82b93d10c2.

In total there are 12 different enhancement activities that can be funded.[99] Some recent projects include a project to excavate a ship in Maryland[100] and $270,000 to renovate and operate a historical trolley as part of a museum's effort in Pennsylvania.[101] This money could be used instead to address highways and bridges in poor condition.

These projects are routinely singled out as wasteful by transportation groups and state transportation departments and should not be funded with HTF revenues. Eliminating these projects would save about $600 million in FY12 in HTF funds and $6.575 billion over ten years.

Earmarks

Until this year, taxpayers have seen billions of their gas tax dollars wasted on parochial projects in other states, such as the "Bridges to Nowhere." A fairly recent phenomenon, Congress only included 10 earmarks in its 1982 highway bill, but quickly embraced this wasteful practice:

- The 1982 highway bill included 10 demonstration projects totaling $386 million;
- The 1987 highway bill included 152 demonstration projects totaling $1.4 billion;
- The 1991 highway bill included 538 location-specific projects totaling $6.1 billion;
- The 1998 highway bill included 1,850 earmarked projects totaling $9.3 billion; and
- The 2005 highway bill included over 5,634 earmarked projects totaling $21.6 billion.

In a 2007 study, the DOT Inspector General (IG) found that 15.49 percent of all FHWA funds were earmarked in FY06 ($5.675 billion). The Federal Transit Administration (FTA) also had 28 percent of its FTA funds earmarked (for $2.406 billion).[102] Even without including authorized earmarks, this total over the five-year span of the last reauthorization bill would cover the cost of all three HTF bailouts ($35 billion).

The IG also found that earmarks negatively impact the mission and goals of federal transportation programs in five ways:

1) **Earmarks can reduce funding for the states' core transportation programs.** For example, in Fiscal Year 2006, Congress earmarked over 5,600 projects valued at over $3.5 billion in just three transportation programs. Transportation officials believed many of these projects would not have been high priority candidates for funding under the states' formula programs.
2) **Earmarks do not always coincide with DOT strategic research goals.**
3) **Many low priority, earmarked projects are being funded over higher priority, non-earmarked projects.**

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[99] U.S. Department of Transportation Website, "Transportation Enchancement Activities," http://www.fhwa.dot.gov/environment/te/, accessed July 14, 2011.

[100] Leaderman, Daniel, "Sunken ship may contain piece of Bladensburg history: Archeologists work to unearth piece of War of 1812 battle," *Business Gazette,* September 2, 2010, http://www.gazette.net/stories/09022010/bowinew160236_32545.php

[101] Griffith, Randy, "Museum refurbishing former city trolley," *The Tribune-Democrat*, April 18, 2010, http://tribune-democrat.com/local/x993504637/Museum-refurbishing-former-city-trolley

[102] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf.

4) **Earmarks provide funds for projects that would otherwise be ineligible.** For example, for Fiscal Year 2006, 16 of 65 earmarked projects in Federal Highway Administration's (FHWA) Interstate Maintenance Discretionary Program, totaling more than $14 million, did not meet statutory program criteria and would not have received funding under the regular funding process.
5) **Earmarks can disrupt the agency's ability to fund programs as designated when authorized funding amounts are exceeded by over-earmarking.** In SAFETEA-LU, earmarks actually exceeded the authorized funding levels for three of the five FHWA research programs for FY 2006, resulting in across-the-board program cuts to stay within authorized funding levels for each of the three programs.[103]

President Obama also highlighted several transportation spending accounts that were exclusively earmarked, including the Surface Transportation Priorities account which received almost $300 million in appropriation in FY10, for termination.[104] While Congress has agreed to abstain from earmarks for this year, this plan recommends eliminating permanently transportation funding accounts that have been heavily earmarked, including:

- Surface Transportation Priorities – This program is exclusively earmarked. In FY10, $293 million is appropriated for this account with a 100 percent federal cost-share. President Obama has twice[105] recommended eliminating this program because it consists exclusively of earmarked projects, is duplicative, and States or localities are not given the flexibility to target them to their highest transportation priorities.[106]
- High Priority Projects – This account is entirely earmarked for 5,091 projects that receive guaranteed funding. FY10 costs were $2.996 billion.[107]
- Projects of National and Regional Significance – An entirely earmarked account in the last authorization bill for high-cost transportation projects that are of national or regional importance in enhancing the surface transportation system. GAO found that both stakeholders and DOT said that not using the criteria-based competitive process for this program to select projects made it difficult to determine whether the projects funded were

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[103] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf, accessed July 14, 2011.

[104] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2011 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf, accessed July 14, 2011.

[105] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2010 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2010/assets/trs.pdf, accessed July 14, 2011.

[106]Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2011 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf, accessed July 14, 2011.

[107] U.S. Department of Transportation Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/highpriproj.htm, accessed July 14, 2011.

national or regional priorities and to determine where improvements should be made.[108] FY10 costs were $356 million.[109]

- The National Corridor Infrastructure Improvement Program is an earmarked account that provides funding for highway construction projects in corridors of national significance to promote economic growth and international or interregional trade by enhancing freight mobility.[110] GAO found that both stakeholders and DOT said that not using the criteria-based competitive process for this program to select projects made it difficult to determine whether the projects funded were national or regional priorities and to determine where improvements should be made.[111] This program received $390 million in FY10 appropriations.[112]
- The Transportation, Community, and System Preservation program (TCSP) is a heavily earmarked account that provides grants to States and local governments for planning, developing, and implementing strategies to integrate transportation and community and system preservation plans and practices. Projects include street-widening, sidewalk improvements, and "streetscape beautification."[113] Of the $57 million appropriated for TCSP projects in FY10, 90 percent ($51.5 million) were earmarked.[114]
- The Ferry Boats and Ferry Terminal Facilities Program is heavily earmarked and provides up to 100 percent funding for the construction of ferry boats and ferry terminal facilities that have a strong public nexus. In addition to its annual appropriation of $67 million,[115] this program also receives $20 million in General Fund revenue to fund these activities in three select states and the program received $60 million from stimulus funding.[116] Lastly, there is also a program set-aside for ferry projects in Hawaii and Alaska that receives $15 million annually in mass transit funds.[117] Eliminating these HTF programs and the related General Fund program would save $82 million in annual HTF funds and $20 million in annual DOT funds.
- The Bridge Set-aside for Designated projects is an entirely duplicative program of the overall Highway Bridge program that is heavily earmarked. Repealing this program results in $100 million in FY12 savings.[118]

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[108] GAO-09-219, "Surface Transportation, Clear Federal Role and Criteria-Based Selection Process Could Improve Three National and Regional Infrastructure Programs," Government Accountability Office, February 2009, http://www.gao.gov/new.items/d09219.pdf, accessed July 14, 2011.

[109] U.S. Department of Transportation Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/natlregl.htm, accessed July 14, 2011.

[110] U.S. Department of Transportation (website), "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/corridors.htm, accessed July 14, 2011.

[111] GAO-09-219, "Surface Transportation, Clear Federal Role and Criteria-Based Selection Process Could Improve Three National and Regional Infrastructure Programs," Government Accountability Office, February 2009, http://www.gao.gov/new.items/d09219.pdf, accessed July 14, 2011.

[112] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/corridors.htm, accessed on July 14, 2011.

[113] Federal Highway Administration Website, "Transportation, Community, and System Preservation Program- FY 2010 Grants," http://www.fhwa.dot.gov/tcsp/grantaward.cfm?fy=2010&show=all, accessed on July 14, 2011.

[114] Federal Highway Administration Website, "TCSP Projects," http://www.fhwa.dot.gov/tcsp/projects.html, accessed on July 14, 2011.

[115] Federal Highway Administration Website, "Ferry Boat Discretionary Program Information," http://www.fhwa.dot.gov/discretionary/fbdinfo.cfm, accessed on July 14, 2011.

[116] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/ferryboats.htm, accessed on July 14, 2011.

[117] 49 U.S.C. 5309(m)(6)(B).

[118] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/bridge.htm, accessed on July 14, 2011.

- Interstate Maintenance Discretionary is an entirely duplicative program that is heavily earmarked for interstate maintenance projects within the states of earmark sponsors. For example, for Fiscal Year 2006, 16 of 65 earmarked projects, totaling more than $14 million, did not meet statutory program criteria and would not have received funding under the regular funding process.[119] Repealing this program results in $100 million in FY12 savings.[120]
- The Public Lands Highways Discretionary program (PLHD) funds transportation projects that improve access to and within the Federal lands of the nation. This program represents another set-aside, discretionary program that is heavily earmarked. In FY10, Congress designated a total of $83,021,930 or 81 percent of PLHD funds for earmarks. The federal share for this earmark program is 100 percent. Eligible projects include land acquisition, parking lots, pedestrian and bicycle improvements and visitor centers. Repealing this program results in $102 million in FY12 savings.[121]

Eliminating these earmark program reduces HTF appropriations by $4.476 billion in FY12 and $49.05 billion over ten years. It also reduces General Fund Appropriations by $20 million in FY12 and $219.17 million over ten years.

Congestion Mitigation and Air Quality program

The Congestion Mitigation and Air Quality program (CMAQ) was authorized in the 1991 highway program to provide funds for projects to help states and localities meet the requirements of the Clean Air Act Amendments (CAAA) of 1990 by reducing congestion.[122] CMAQ funds are spent on transit projects, traffic flow improvement projects such as incident management, HOV lanes, and traffic signal improvements, bike baths, and pedestrian projects.[123] Congress spent $1.77 billion in FY10 on this air quality improvement program.[124] This program, if necessary, would more appropriately be funded by the Environmental Protection Agency (EPA), which administers the Clean Air Act, or by states and localities. This plan would eliminate this program and reduce annual HTF appropriations by $1.77 billion in FY12 and $19.4 billion over ten years.

The National Historic Covered Bridge Preservation Program

This program was established in the Transportation Equity Act for the 21st Century bill (TEA-21) in 1998 and may only fund bridges listed in the Department of Interior's (DOI) National Register of Historic Places.[125] The program provides grants to repair or rehabilitate a dozen or

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[119] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf.

[120] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/im.htm, accessed on July 14, 2011.

[121] Federal Highway Administration Website, "Public Lands Highway Discretionary," http://www.fhwa.dot.gov/discretionary/plhcurrsola3.cfm, accessed on July 14, 2011.

[122] CRS Report: RL33995, "Surface Transportation Congestion: Policy and Issues," Congressional Research Service, February 6, 2008, http://www.crs.gov/pages/Reports.aspx?PRODCODE=RL33995&Source=search.

[123] Federal Highway Administration Website, "Congestion Mitigation and Air Quality Improvement (CMAQ) View Photo Library," http://www.fhwa.dot.gov/environment/air_quality/cmaq/reference/photo_library/index.cfm, accessed on July 14, 2011.

[124] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/cmaq.htm, accessed on July 14, 2011.

[125] Federal Highway Administration Website, "National Historic Covered Bridge Preservation Program," http://www.fhwa.dot.gov/bridge/covered.cfm, accessed on July 14, 2011.

so covered bridges each year. In total $60.4 million has been appropriated for this program.[126] According to the executive director of the Historic Bridge Foundation, “While some covered bridges are still in use, others have been bypassed in favor of steel bridges. The covered bridges’ main function now is to look scenic and attract tourists.”[127] It is questionable why highway dollars are being spent on a historical preservation program in the first place. Some examples of projects funded with highway dollars include:

- The historic Chambers Railroad covered bridge in Cotton Grove, OR, that received a $1.3 million grant from the National Historic Covered Bridge Preservation Program in FY08[128] is set to be destroyed and rebuilt as a tourist destination, with better access and historical panels. The city is chipping in less than $140,000 for the project.[129]
- Madison, IA, received $375,000 through the federal preservation program to install infrared cameras and fire detection equipment on its bridges after arson fires destroyed one bridge and another arson fire nearly destroyed a bridge.
    - According to a recent *Associated Press* story, “even the county official in charge of the bridges of Madison County says other needs come first.” Todd Hagan, Madison County’s engineer and head of the local covered bridge program, said Madison needs federal help keeping its roads paved more than it needs covered bridge aid. Paving expenses, he said, may force Madison to return some roads to gravel.[130]

The Senate recently agreed to eliminate this program by unanimous consent.[131] Eliminating this program would save $8 million in FY12 appropriations within the HTF and $87.7 million over ten years.

Safe Routes to School

The Safe Routes to School (SRTS) program awards grants to states to fund initiatives that help children walk and bicycle to school instead of by car or even bus. On SRTS’ Website, numerous health concerns are listed as reasons why it SRTS is necessary.[132] While that may be the case, it is difficult to understand why federal transportation funding should be dedicated to this program, let alone federal funding, for these completely intrastate and parochial initiatives. Set-asides like SRTS siphon away critical dollars from surface transportation priorities and represent low-priority spending at a time when billions of dollars in HTF spending have to be cut. This plan recommends eliminating SRTS for FY12 savings of 183 million and ten-year savings of $2.005 billion.[133]

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[126] E-Mail from Congressional Research Service to the Office of Senator Coburn, March 14, 2011.
[127] Lowy, Joan, “New federal budget austerity endangers program aimed at preserving historic covered bridges,” *Associated Press*, March 9, 2011, http://www.startribune.com/nation/117664493.html.
[128] Federal Highway Administration Website, “National Historic Covered Bridge Preservation Program Request for FY 2009 Project Applications,” http://www.fhwa.dot.gov/bridge/nhcbp/090112a.cfm, accessed on July 14, 2011.
[129] Milbourn, Todd, “Historic Bridge ready to collapse,” *KVAL News*, http://www.kpic.com/news/local/84644932.html, accessed on July 14, 2011.
[130] Lowy, Joan, New federal budget austerity endangers program aimed at preserving historic covered bridges, *Associated Press*, March 9, 2011, http://www.startribune.com/nation/117664493.html.
[131] S. Amdt. 217 to S. 493, 112th Congress.
[132] Federal Highway Administration Website, “Safe Routes to Schools,” http://safety.fhwa.dot.gov/saferoutes/, accessed on July 14, 2011.
[133] Federal Highway Administration Website, “Fact Sheets on Highway Provisions,” http://www.fhwa.dot.gov/safetealu/factsheets/saferoutes.htm, accessed on July 14, 2011.

National Scenic Byways Program

The National Scenic Byways Program subsidizes roads designated as National Scenic Byways, All-American Roads or America's Byways which are designated because of "outstanding scenic, historic, cultural, natural, recreational, and archaeological qualities."[134] Funding is eligible for numerous activities including development and implementation of a marketing program, development and provision of tourist implementation, and construction of bicycle and pedestrian facilities, interpretive facilities, overlooks and other enhancements for byway travelers. This program duplicates numerous other Heritage Preservation programs within the federal government (such as the The Route 66 Corridor Preservation Program and preservation efforts funded by the Historic Preservation Fund) and is a questionable use of federal highway funds. This plan recommends eliminating this program for FY12 savings of $43.5 million and ten-year savings of $476.7 million.[135]

Recreational Trails Program

The Recreational Trails Program "provides funds to the States to develop and maintain recreational trails and trail-related facilities for both nonmotorized and motorized recreational trail uses."[136] This program serves an entirely parochial purpose and should not be funded with federal highway funds. This plan recommends eliminating this program for FY12 savings of $85 million and ten-year savings of $931.5 million.[137]

Federal Lands Highways Program

The Federal Lands Highways program consists of several programs that fund transportation-related projects on or near federal lands. Some of these programs included the Park Roads and Parkways program, the Refuge Roads program, and the Public Lands Highways program.

The Park Roads and Parkways program (PRP) provides funding for most any type of transportation-related projects to or within a unit of the National Park Service (NPS). These funds can even be used to satisfy state/local matching share for other FHWA funded projects. The federal share for this program is 100 percent. Eligible projects include land acquisition, transportation planning for tourism and recreational travel, interpretive signage, pedestrian and bike projects, and visitor centers. This is not a high priority use of federal transportation funds. This plan recommends eliminating this funding account for a savings of $240 million in FY12 and $2.63 billion over ten years.[138]

The Public Lands Highways program (PLH) provides funding for transportation planning, research, and engineering and construction of transportation initiatives related to public land use. These funds can even be used to satisfy state/local matching share for other FHWA funded projects. The federal share for this program is 100 percent. The PLH Program is comprised of

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[134] Federal Highway Administration Website, "The National Scenic Byways Program" Web page, http://www.byways.org/learn/program.html, accessed July 14, 2011.
[135] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/scenic.htm, accessed on July 14, 2011.
[136] Federal Highway Administration Website, "Recreational Trails Program," http://www.fhwa.dot.gov/environment/rectrails/, accessed July 14, 2011.
[137] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/rectrails.htm, accessed on July 14, 2011.
[138] Federal Lands Highway Website, "Park Roads and Parkways (PRP)," http://flh.fhwa.dot.gov/programs/prp/, accessed on July 14, 2011.

two main sub-programs: the Forest Highways (FH) Program and the Public Lands Highways – Discretionary (PLHD) Program. PLHD receives $102 million in annual appropriations (or 34 percent) and the remainder, $198 million (or 66 percent) is allocated to FH. PLHD is a discretionary and heavily earmarked account discussed earlier in this plan. The FH program funds a wide array of transportation projects that provide access to or are within a National Forest or Grassland. Funds can also be used to purchase transit vehicles and for public transit facilities on public lands. The most recent reauthorization bill also added three new eligible activities for Forest Highway funds: Maintenance, Hunting and Fishing Access Signs, and Aquatic Organism Passage projects.[139] Up to $10 million can be used by the Secretary of Agriculture to facilitate the passage of aquatic species beneath roads in the National Forest System.[140] While this program is duplicative of Paul S. Sarbanes Transit in Parks Program, it is also not a high priority use of HTF funds. This plan recommends eliminating the entire account for a savings of $300 million in FY12 and $3.288 billion over ten years ($2.169.8 billion for the FH program).

The Refuge Roads program is administered jointly by DOT and the U.S. Fish and Wildlife Service (FWS). Funding is used for transportation projects to and within the National Wildlife Refuge System (NWRS). The most recent highway reauthorization bill expanded the scope of eligible projects to include interpretive signage and recreational trails. These funds can even be used to satisfy state/local matching share for other FHWA funded projects. The federal share for this program is 100 percent. This is not a high priority use of federal transportation funds. This plan recommends eliminating this funding account for a savings of $29 million in FY12 and $317.8 million over ten years.[141]

While it is important for our public lands to be well-maintained, it is inappropriate for these maintenance activities to be financed in part by transportation user fees. Because of the necessary decrease in highway spending, these low-priority accounts should not be funded any more through highway funding accounts.

Regional Funding Accounts

While not unique to FHWA, billions of taxpayer dollars have been appropriated for regional commissions or initiatives. This fragmented approach to funding our highways takes the decision-making out of states and their transportation departments and results in state transportation priorities not getting funded. While some worthy projects are funded through these regional entities, this plan recommends eliminating them to allow for further consolidation and streamlining of FHWA funding for states.

The Appalachian Development Highway System

ADHS funds the construction of the Appalachian corridor highways in 13 states to promote economic development and to establish a state-federal framework to meet the needs of the

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[139] Federal Lands Highway Website, "Forest Highways (FH)," http://flh.fhwa.dot.gov/programs/plh/fh/, accessed on July 14, 2011.
[140] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/fedlands.htm, accessed on July 14, 2011.
[141] Federal Lands Highway Website, "Refuge Roads," http://flh.fhwa.dot.gov/programs/rr/documents/rr.pdf, accessed on July 14, 2011.

region.[142] The 2005 surface transportation bill authorized $470 million annually from 2005 through 2009 for the ADHS (in total more around $9 billion has been appropriated for this system since 1964[143]). Additional funds have been earmarked for West Virginia portions of this highway system for FY10. This multi-state project has come under scrutiny because Virginia has refused to build its part of the ADHS, calling into question the benefit of funding the ADHS.[144] The President recommended terminating funds earmarked for this program because such funding is duplicative and siphons funds from state transportation departments.[145] This program duplicates several ongoing efforts within DOT including the Federal-Aid Highway Program (FAHP),[146] the Surface Transportation Program,[147] and the Highway Research and Development Program.[148] Eliminating this program saves $470 million within the HTF in FY12 and $5.15 billion over ten years.

The Denali Access System Program

This program receives an annual set-aside for planning, design, engineering, and construction of roads and other surface transportation infrastructure identified for a region in Alaska, through the Denali Commission. The funds go directly to the commission to connect isolated rural communities to a road system, and to foster regional economic growth.[149] The Denali Commission, an independent federal agency, also receives funding from other sources and has received nearly $1 billion in federal funding.[150] Both the Bush and Obama administrations called for budget reductions citing the commission's inability to demonstrate results[151] and that dozens of other federal programs duplicate its efforts.[152] DAS funds may also be used as the non-Federal share of the costs of other federal transportation projects.[153] President Obama recommended eliminating additional earmarked funds for the Denali Access System and the Denali Commission, because of duplication concerns and because "regional set asides such as this one are over and above formula allocations that allow States to set their own priorities and

[142] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/appalachia.htm, accessed on July 14, 2011.
[143] CRS Report: 98-973 E, "Appalachian Development Highway Program (ADHP): An Overview," Congressional Research Service, December 7, 1998, http://www.crs.gov/products/rs/pdf/98-973.pdf?Source=404.
[144] Drew Griffin and Steve Turnham, CNN.com, "West Virginia's road to nowhere gets stimulus boost," http://www.cnn.com/2009/US/03/12/corridor.h/index.html, accessed on July 14, 2011.
[145] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2010 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2010/assets/trs.pdf.
[146] Federal Grants Wire Website, "Highway Planning and Construction (20.205)," http://www.federalgrantswire.com/highway-planning-and-construction.html, accessed July 15, 2011.
[147] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/stp.htm, accessed on July 14, 2011.
[148] Federal Grants Wire Website, "Highway Planning and Construction (20.200)," http://www.federalgrantswire.com/highway-research-and-development-program.html, accessed on July 14, 2011.
[149] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/denali.htm, accessed on July 14, 2011.
[150] "Agency Financial Report (AFR), Annual Performance Report (APR), 2010," Denali Commission Inspector General, http://www.denali-oig.org/Images/IG-PAR-2010.pdf; "Budget Justification Fiscal year 2012," Denali Commission, http://www.denali.gov/index.php?option=com_docman&task=doc_download&gid=343&Itemid=253
[151] Executive Office of the President of the United States, "Major Savings and Reforms in the President's 2009 Budget," February 2008, http://www.gpoaccess.gov/usbudget/fy09/pdf/savings.pdf.
[152] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2012 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf.
[153] U.S. Department of Transportation, Federal Highway Administration, "Denali Access System Program" Fact Sheet, http://www.fhwa.dot.gov/safetealu/factsheets/denali.htm, accessed July 15, 2011.

address local and regional needs."[154] DAS is duplicative of numerous other transportation and economic development programs. Eliminating this program saves $15 million within the HTF in FY12 and $164.4 million over ten years.

Delta Regional Transportation Development Program

This program supports multistate transportation projects in the eight States comprising the Delta Region (Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee). Some of these primarily earmarked projects are done in conjunction with the Delta Regional Authority (DRA), an independent federal agency,[155] to increase the economic vitality of the region.[156] The Federal share is 80 percent, subject to the sliding scale adjustment. Delta funds may also be used as the non-Federal share of the costs of other federal transportation projects. This program is duplicative of numerous other transportation and economic development programs. Eliminating this program saves $10 million within the HTF in FY12 and $109.6 million over ten years.

Federal Motor Carrier Safety Administration, National Highway Traffic Safety Administration, and the FHWA Safety Program

HTF revenues fund three separate safety programs that focus on different aspects of highway safety.

The Federal Motor Carrier Safety Administration (FMCSA), which received $550 million in HTF funds in FY10, regulates large trucks and buses. It was established in 2000[157] and has seen its appropriations increase from $105 million in FY2000 to $550 million in FY10.[158]

The National Highway Traffic Safety Administration (NHTSA), which received $873 million in FY10, conducts a number of highway safety programs. Specifically, NHTSA sets and enforces safety performance standards for motor vehicles and motor vehicle equipment, conducts research on driver behavior and traffic safety, administers "local" highway safety programs, investigates safety defects in motor vehicles, sets and enforces fuel economy standards, investigates odometer fraud, establishes and enforces vehicle anti-theft regulations and provides consumer information on motor vehicle safety topics.[159] NHTSA has also seen its funding increase dramatically over the last decade from $368 million in FY00 to $873 million in FY10.[160]

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[154] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2012 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf.
[155] Delta Regional Authority Website, "About Us," http://www.dra.gov/about-us/default.aspx, accessed July 14, 2011.
[156] U.S. Department of Transportation Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/deltaregion.htm, accessed July 14, 2011.
[157] U.S. Department of Transportation Federal Motor Carrier Safety Administration Website, "Our Mission," http://www.fmcsa.dot.gov/about/what-we-do/mission/mission.htm, accessed July 14, 2011.
[158] CRS Report R41541, "Federal Transportation Funding: Selected Programs, FY2000-FY2010," Congressional Research Service, December 2, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41541&Source=search#_Toc281397762.
[159] National Highway Traffic Safety Administration Website, "Who We Are and What We Do," http://www.nhtsa.gov/About+NHTSA/Who+We+Are+and+What+We+Do, accessed July 14, 2011.
[160] CRS Report R41541, "Federal Transportation Funding: Selected Programs, FY2000-FY2010," Congressional Research Service, December 2, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41541&Source=search#_Toc281397762.

The majority of NHTSA's FY10 budget ($620 million or 71 percent)[161] was for state grant programs that are intended to increase highway safety. These programs include:

- Safety Belt Performance grants ($124.5 million). These funds encourage the enactment and enforcement of state laws requiring the use of safety belts in passenger motor vehicles. In recent years, this program has become a slush fund for Members of Congress to use for other funding priorities because these grants are not used;[162]
- State traffic safety improvement grants ($34.5 million). These funds encourage States to adopt and implement effective programs to improve the timeliness, accuracy, completeness, uniformity, integration, and accessibility of State data that is needed to identify priorities for national, State, and local highway and traffic safety program;[163]
- High visibility enforcement program ($29 million). This program assists states in enforcing seat belt or alcohol/drug-impaired driving laws;[164]
- Motorcycle Safety grants ($7 million). This program encourages States to adopt and implement effective programs to reduce the number of single and multi-vehicle crashes involving motorcyclists.[165] These grants helped fund a "cruisin' without bruisin'" brochure reminding bikers to "Obey traffic lights, signs, speed limits, and lane markings … and always check behind you and signal before you change lanes;"[166]
- Occupant Protection Incentive Grants ($25 million). This program is used by states to implement and enforce occupant protection programs;[167]
- Child Safety and Child Booster Seat Safety Incentive Grants ($7 million). These grants go to states that have passed a law requiring any child riding in a passenger vehicle who is too large to be secured in a child safety seat to be secured in a child specific type of restraint;[168]
- Alcohol-Impaired Driving Countermeasures Incentive Grant Program ($139 million). These funds are used to encourage States to adopt and implement effective programs to reduce traffic safety problems resulting from individuals driving while under the influence of alcohol;[169]
- State and Community Highway Safety Grants ($235 million). These funds support State highway safety programs, designed to reduce traffic crashes and resulting deaths, injuries,

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[161] CRS Report R41650, "Department of Transportation Budget FY2012," Congressional Research Service, February 24, 2011, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41650&Source=search.
[162] National Highway Traffic Safety Administration Website, "Section 406 SAFETEA-LU Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/Section+406+SAFETEA-LU+Fact+Sheet, accessed July 15, 2011.
[163] National Highway Traffic Safety Administration Website, "Section 408 SAFETEA-LU Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/Section+408+SAFETEA-LU+Fact+Sheet, accessed July 15, 2011
[164] National Highway Traffic Safety Administration Website, "SAFETEA-LU High Visibility Enforcement Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/SAFETEA-LU+High+Visibility+Enforcement+Fact+Sheet, accessed July 15, 2011.
[165] National Highway Traffic Safety Administration Website, "Section 2010 SAFETEA-LU Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/Section+2010+SAFETEA-LU+Fact+Sheet, accessed July 15, 2011.
[166] Coburn, Tom, "Out of Gas: Congress Raids the Highway Trust Fund for Pet Projects While Bridges and Roads Crumble," July 2009, http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=80b3458b-b6e2-470a-be24-bb82b93d10c2.
[167] National Highway Traffic Safety Administration Website, "Section 405 SAFETEA-LU Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/Section+405+SAFETEA-LU+Fact+Sheet, accessed July 15, 2011.
[168] National Highway Traffic Safety Administration Website, "Section 2011 SAFETEA-LU Fact Sheet Draft," http://www.nhtsa.gov/Laws+&+Regulations/Section+2011+SAFETEA-LU+Fact+Sheet+Draft, accessed July 15, 2011.
[169] National Highway Traffic Safety Administration Website, "Alcohol-Impaired Driving Countermeasures Incentive Grants," http://www.nhtsa.gov/Laws+&+Regulations/ci.Section+410+SAFETEA-LU+Fact+Sheet.print, accessed July 15, 2011.

and property damage.[170] These grants are completely duplicative of all the other state grant funding accounts; and
- Administrative expenses of managing these programs total $18.5 million annually.

While these grants may be useful to some states, they do not address national transportation needs and instead seek to supplement state safety efforts. Some of these grants have become irrelevant and others are entirely duplicative of the overall State and Community Highway Safety grant program. This plan recommends eliminating every grant program except for the State and Community Highway Safety grant program. Up to 3 percent of this account may be used for administration expenses. This plan also recommends phasing out this remaining state grant program over five years. Savings resulting from these reforms are $384.5 million the first year and $5.98 billion over ten years.

The FHWA Office of Safety focuses on improving highway and road safety through highway engineering, planning, and safety audits. Safety improvements include increasing sign and pavement marking visibility, installing rumble strips, specifying skid-resistant pavements, and paving shoulders to eliminate edge drop-offs. FHWA also invests in numerous safety awareness programs, including duplicative seat-belt-use promotion campaigns (NHTSA administers its own seat-belt use grant program).[171] The budget for this office comes out of overall FHWA operating expenses totaling around $420 million annually. DOT was unable to provide a budget number for the annual cost to taxpayers for this office.[172]

Although these three entities do not completely overlap, there is no need for there to be three separate highway safety programs. FHWA Office of Safety already state that they coordinate with NTHSA and FMCSA to develop and implement multi-faceted, intermodal safety programs.[173] This plan recommends consolidating these three programs into a one-stop safety shop for highway users. Combining these three programs into NTHSA and implementing the recommended cuts to NHTSA results in a total safety budget of $628 million in FY12. HTF savings resulting from these reforms would total at least $541.5 million in FY12 and $7.7 billion over ten years.

Streamline or Eliminate Burdensome Political Mandates

Certain federal laws hinder adequate transportation infrastructure construction by delaying transportation projects and greatly increasing their costs. State DOT directors struggle to complete projects timely and under budget in large part due to onerous federal laws. These laws only apply to funds awarded through the Highway Trust Fund and Treasury. Many of these requirements are outdated and have not been indexed to inflation. GAO found in 2008, that 39

[170] National Highway Traffic Safety Administration Website, "Section 402 SAFETEA-LU Fact Sheet," http://www.nhtsa.gov/Laws+&+Regulations/Section+402+SAFETEA-LU+Fact+Sheet, accessed July 15, 2011.
[171] Department of Transportation Federal Highway Administration Website, "About Us," http://safety.fhwa.dot.gov/about/, accessed July 15, 2011.
[172] E-mail from Congressional Research Service to Senator Tom Coburn's Office, July 11, 2011.
[173] Department of Transportation Federal Highway Administration Website, "About Us," http://safety.fhwa.dot.gov/about/, accessed July 15, 2011.

of 51 states (including D.C.) avoided using federal funds for certain projects because of these restrictions.[174] While some states have similarly onerous compliance laws, many do not.

Environmental Review Mandate

For surface transportation projects, "environmental review" includes two related processes. First, it involves the process of preparing the appropriate documentation under the National Environmental Policy Act of 1969 (NEPA). Second, it involves the process for completing any other environmental permit, approval, review, or study required for a project under any local, state, tribal, or federal law other than NEPA.

While the intent of the NEPA process is noble, its administration has resulted in an unwieldy bureaucratic process that increases transportation project costs and timelines. According to a study done for the American Association of State Highway and Transportation Officials (AASHTO), the environmental costs were all over the map from 5 percent to 50 percent of costs with an average around 10-20 percent. These figures did not include things like staff time, hearings, or escalation costs resulting from project delays. While there have not been many studies done on the actual costs because states rarely track these costs,[175] common estimates peg increased costs at between 8 and 10 percent.[176]

The delays are also considerable. The Federal Highway Administration (FHWA) reviewed and compiled time frame data for transportation projects needing an Environmental Impact Statement (EIS) as part of the NEPA process,[177] and found that "13 percent took 10 or more years to complete NEPA; 19 percent were completed in 7 - 10 years; 16 percent were completed in 3 years or less. The majority of the projects (51 percent) took 4 - 6 years to complete. For the total of 37 projects [surveyed], the average amount of time elapsed … was found to be 67 months, or 5-1/2 years, while the median value was found to be 5 years.[178]

For projects that have a "Finding of No Significant Impact" (FONSI), or a "Categorical Exclusion" (CE), FHWA found that "70 percent of the respondents indicated that it generally takes less than 2 years to process a FONSI, while an additional 8 divisions, or 34 percent, indicated that it generally takes between 2 to 3 years. In the case of CEs, 22 divisions, or 85 percent of respondents, indicated that it takes less than one year to process a CE, with 18 of them, or 70 percent, indicating that it takes less than 6 months. Based on the responses received, FHWA has estimated that the typical time frame for completing a FONSI is about 18 months

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[174] GAO-09-36, "Federal Requirements for Highways May Influence Funding Decisions and Create Challenges, but Benefits and Costs Are Not Tracked," Government Accountability Office, December 2008, http://www.gao.gov/new.items/d0936.pdf, accessed July 15, 2011.

[175] Macek, Nathan, "Right of Way and Environmental Mitigation Costs— Investment Needs Assessment," American Association of State Highway and Transportation Officials, August 2006, http://onlinepubs.trb.org/onlinepubs/archive/NotesDocs/20-24%2854%29_B_%20FR.pdf, July 15, 2011.

[176] Department of Transportation Website, "Evaluating the Performance of Environmental Streamlining: Development of a NEPA baseline for Measuring Continuous Performance," http://www.environment.fhwa.dot.gov/strmlng/baseline/section2.asp, accessed July 15, 2011.

[177] Which includes but is not limited to: the Clean Water Act, the Clean Act, the Endangered Species Act, Section 138, Title 23 of the U.S. Code (preventing the use of parkland or recreational areas in the development of highway projects, except where no feasible and prudent alternative exists), and the National Historic Preservation Act of 1966.

[178] Department of Transportation Website, "Evaluating the Performance of Environmental Streamlining: Development of a NEPA baseline for Measuring Continuous Performance," http://www.environment.fhwa.dot.gov/strmlng/baseline/section2.asp, accessed July 15, 2011.

while the typical time frame for completing a CE is 6 months."[179] In other words, it typically takes one and a half years to go through the NEPA process 18 months even if there is no negative environmental impact.

The NEPA process is unfairly mandated even for projects that are building on existing rights of way – in other words in an area where NEAP was already conducted previously. NEPA was created to ensure transportation projects on "virgin alignments" were done with an analysis considering the environmental impact of such construction – it should not apply to maintenance or rehabilitation projects.[180]

Advocates for NEPA reform also argue the process duplicates another environmental review process, Section 4(f) of the DOT Act of 1966, which additionally requires that any land from publicly owned parks, recreational areas, wildlife and waterfowl refuges, or public and private historical sites undergo a study that demonstrates using this land is necessary.

State DOT's must additionally get a permit from the Corps of Engineers for any projects where concrete is below the ordinary high water mark or in a jurisdictional wetland. For areas greater than half an acre, an extended process with comments is required to obtain a Section 404 permit.

Davis Bacon

The Davis–Bacon Act requires federal construction contractors to pay at least the wage rates prevailing on non-federal construction projects in the same locality. The act was intended to prevent the purchasing power of the federal government from driving down construction wages during the Great Depression. Federal contractors must then pay their employees at least the prevailing wage for each class of worker.

Nowadays, however, Davis–Bacon wages in most cities bear no resemblance to prevailing market wages. In some cities, Davis–Bacon rates are more than double market wages. In other cities, Davis–Bacon rates are below the minimum wage. Inspector General audits found errors in 100 percent of wage reports examined. Most prevailing wage surveys are years out of date. Some rates in effect have not been updated since the 1970s. Davis–Bacon rates average 22 percent above market wages. [181]

According to the Congressional Research Service, the threshold of $2,000 has never been adjusted for inflation. The Davis-Bacon Act was enacted in 1931. Initially, the act applied to construction projects of more than $5,000. The threshold was lowered to $2,000 in 1935. If you

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[179] Department of Transportation Website, "Evaluating the Performance of Environmental Streamlining: Development of a NEPA baseline for Measuring Continuous Performance," http://www.environment.fhwa.dot.gov/strmlng/baseline/section2.asp, accessed July 15, 2011.

[180] Ridley, Gary, "Testimony of Gary Ridley, Oklahoma Secretary of Transportation for a hearing before the Senate Environment and Public Works Committee entitled 'Issues for Surface Transportation Authorization,'" April 14, 2011, http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=5555a932-802a-23ad-4071-d449105588d5&Issue_id=

[181] Audit Report No. 04-04-003-04-420, "Concerns Persist with the Integrity of Davis-Bacon Prevailing Wage Determinations, Department of Labor Inspector General, March 30, 2004, http://www.oig.dol.gov/public/reports/oa/2004/04-04-003-04-420.pdf, accessed July 15, 2011.

were to index this amount, it would come to $31,320; if you were to index the 5,000 amount from 1935, it would be $78,300.[182]

The Congressional Budget Office (CBO) did a study in 1983 that estimated Davis-Bacon increased costs by 3.7 percent,[183] and GAO found an increase of 3.4 percent in 1979 and recommended, **"Congress should repeal the Davis-Bacon Act and rescind the weekly payroll reporting requirement of the Copeland Anti-Kickback Act because of: (1) significant increased costs to the federal government; (2) the impact of excessive wage determination rates on inflating construction costs and disturbing local wage scales; and (3) the fact that contractors tend to pay prevailing rates, which is the intent of the act, when determinations are too low."**[184]

Unfortunately, Congress has refused to address this issue, even though dozens of states have their own prevailing wage laws.[185] According to the Heritage Foundation, the Davis–Bacon Act increases the cost of federally funded construction projects by 9.9 percent. Repealing Davis–Bacon restrictions would allow the government to build more infrastructure and create 100,000 more construction-related jobs at the same cost to taxpayers (or save the federal government $9 billion on annual construction costs).[186]

Other Federal Mandates

There are numerous other federal mandates that unfairly delay and prevent significant construction projects. Mandates such as the transportation enhancement requirement or even unreasonable interpretations of important federal laws like the Americans with Disabilities Act (ADA) have led to transportation funds and resources being wasted silly projects like a "sidewalk to nowhere."[187] Several non-transportation agencies are currently also promulgating rules that would further impede the ability of state DOT directors to efficiently and effectively utilize important federal transportation funds to address critical infrastructure needs. These regulations include expansions of previous interpretations of the Clean Air Act and the Clean Water Act.

These and other mandates unnecessarily drive up costs and delay construction while our nation's infrastructure is deteriorating and transportation funding is scarce. It is critical for Congress to repeal unnecessary mandates like the Transportation Enhancement and Davis-Bacon mandates, streamline the environmental review processes, and prevent unnecessary future regulatory changes at a time when it cannot increase funding for transportation infrastructure. This also includes mandating that federal DOT safety laws are promulgated only if absolutely necessary

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[182] CRS Report: 94-408, "The Davis-Bacon Act: Institutional Evolution and Public Policy," Congressional Research Service, November 30, 2007.

[183] "Modifying the Davis-Bacon Act: Implications for the Labor Market and the Federal Budget," Congressional Budget Office, July 1983, http://www.cbo.gov/ftpdocs/50xx/doc5030/doc12-entire.pdf, accessed July 15, 2011.

[184] HRD-79-18, "The Davis-Bacon Act Should Be Repealed," Government Accountability Office, April 27, 1979, http://www.gao.gov/products/HRD-79-18, July 15, 2011.

[185] "Prevailing Wage Laws," Ohio Legislative Service Commission Staff, February 25, 2005, http://www.lsc.state.oh.us/membersonly/126prevailingwagelaws.pdf, accessed July 15, 2011.

[186] Sherk, James, "Davis–Bacon Act Extensions: The Heritage Foundation 2010 Labor Boot Camp," The Heritage Foundation, January 14, 2010, http://www.heritage.org/Research/Reports/2010/01/Davis-Bacon-Act-Extensions-The-Heritage-Foundation-2010-Labor-Boot-Camp, accessed July 15, 2011.

[187] Cameron, Alex, "Stimulus Funds Going to Handicap Ramps to Nowhere," *News On 6*, December 16, 2009, http://www.newson6.com/story/11690769/stimulus-funds-going-to-handicap-ramps-to-nowhere.

and only in a way that minimizes economic costs to transportation improvements and related industries. Congress should also encourage turning over the responsibility of administering NEPA-like processes to the states to reduce unnecessary bureaucracy and waste and build upon a current pilot project which allows some states to do this partially.[188] Based on this information, these reforms would decrease transportation costs for states between 10 and 40 percent and enable transportation dollars to be stretched further.

Giving States the Flexibility to Manage their Own Highway Gas Taxes for Highways

Even though "the Highway Revenue Act of 1956 established the federal Highway Trust Fund for the direct purpose of funding the construction of an interstate highway system, and aiding in the finance of primary, secondary, and urban routes,"[189] today the HTF is used for all types of projects. Congress' mismanagement has led to crumbling infrastructure, increased public debt, and a bankrupt HTF.

The justification and purpose behind the collection of a federal gasoline tax was to build an interstate system. Since this system has been constructed 60 years later, states should have the ability to manage the gas taxes collected within their state if they believe they can do a better job than the federal government.

This plan recommends giving states the ability to keep these funds if they agree to maintain the interstate highway system and spend these funds on transportation projects. A small portion of these funds would be set aside for federal safety accounts, but states would have the ability to manage the remainder of their Highway Tax Revenues dedicated for Federal Highway funding or Mass Transit accounts as if they were state revenues. Nothing would force states to opt-out and states would not only have one chance to opt-out, but could decide to before each fiscal year begins.

By giving states the option to manage HTF dollars themselves, Congress would also be placing an effective accountability check on itself and the Administration, because if they proved to continue to be poor managers of these dollars, states would opt-out. This proposal is identical to a current bill in the House of Representatives (H.R. 1585) and has the support of 24 Members of the House, 13 senators, three governors, and several national and state fiscal and transportation groups. This reform would curb wasteful Congressional spending and encourage innovation within states to address our infrastructure backlog without increasing spending.

Federal Railroad Administration

The Federal Railroad Administration (FRA) was created in 1966. Its primary purpose is to develop and enforce rail safety regulations. It has, however, over its history, also adopted significant rail funding programs, including, recently, very large annual appropriations for developing high-speed rail corridors.[190] In FY10, FRA received $4.36 billion in federal

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[188] 23 USC 327.
[189] CRS Report: RL30304, "The Federal Excise Tax on Gasoline and the Highway Trust Fund: A Short History, Congressional Research Service," April 4, 2006.
[190] Federal Railroad Administration Website, "About the FRA," http://www.fra.dot.gov/Pages/2.shtml, accessed July 15, 2011.

appropriations. More than 57 percent of this budget ($2.5 billion) went to high-speed rail assistance. An additional 36 percent went to Amtrak for capital and operating assistance, leaving only $295 million (7 percent) for administering and developing rail safety regulations and other responsibilities.

High Speed Rail

While proponents of high-speed rail existed before 2009, little federal funding was obligated towards actually planning and building high-speed rail corridors in America. But the federal stimulus bill (P.L. 111-5) appropriated $8 billion towards this endeavor and an additional $2.5 billion was added in the FY10 appropriations bill, for a total of $10.5 billion in less than two years.

According to the Congressional Research Service, "Critics have questioned the economic efficiency of building an expensive high speed rail network in the United States." Despite the large amount in funding available to states for these types of projects, three states—Wisconsin, Ohio, and Florida—have rejected high speed rail projects for which their states had received grants totaling $3.6 billion because of questions about the long-term feasibility of such projects[191] and other states are considering returning their grant awards for similar reasons. According the Department of Transportation, from the $10.5 billion appropriated, $4.01 billion remains unobligated, including $2.15 billion of stimulus funding as well as $1.86 billion from regular appropriations.[192]

While the idea of high-speed rail may have merit in the future, given the nation's record-high national debt and transportation infrastructure deficit, this plan recommends eliminating all high-speed rail grants and rescinding any unobligated high-speed rail grants. Savings resulting from these reforms would be $6.51 billion in FY12 and $31.41 billion over ten years.

Amtrak

Congress has appropriated more than $30 billion for Amtrak rail service since the program's inception, even though the Rail Passenger Service Act of 1970 required that Amtrak "operate rail passenger service on a for-profit basis…," and Congress again demanded Amtrak become self-sufficient by 2003 in 1997. Unfortunately, Amtrak continues to receive over $1.5 billion in taxpayer funds each year. In FY10, Amtrak received $1.565 billion in appropriations, including $1.002 billion for capital improvements and $563 million for operating assistance.

In 2005, the Government Accountability Office (GAO) found that Amtrak lost $244 million in subsidies for Amtrak's food service for passengers between 2002 and 2004,[193] despite the fact that Congress had mandated previously "Amtrak may provide food and beverage services on its trains only if revenues from the services each year at least equal the cost of providing the services."[194] Despite attempts to prevent taxpayers from subsiding Amtrak food service at $85

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[191] CRS Report R41650, "Department of Transportation Budget FY2012," Congressional Research Service, February 24, 2011.
[192] E-mail from Department of Transportation Congressional Liaison to Senator Tom Coburn's Office, July 14, 2011.
[193] GAO-05-867, "Amtrak: Improved Management and Controls over Food and Beverage Service Needed," Government Accountability Office, August 24, 2005, http://www.gao.gov/products/GAO-05-867, accessed July 15, 2011.
[194] 49 USC 24305(c)(4).

million a year Congress refused to increase food prices even as Amtrak continually loses money and requires more than $1.5 billion in annual federal subsidies.[195]

Amtrak also receives annual appropriations of $20 million from the Federal Emergency Management Agency (FEMA) for an Intercity Passenger Rail Program**.**[196] This program provides duplicative funding to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies within the Amtrak rail system. Only Amtrak is eligible to apply for this grant program.[197] This grant program duplicates the Transit Security Grant Program, which is intended "to create a sustainable, risk-based effort to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies."[198] This more general program was funded at $253 million this year.[199]

To help strengthen the operations of Amtrak, this plan recommends requiring Amtrak to charge food prices that cover the cost of providing food onboard such as the way airlines charge for food service in FY12, eliminating all operating assistance for Amtrak in FY13, phasing out capital assistance over ten years, and eliminating FEMA's intercity passenger rail program. Savings resulting from these reforms would be $184.02 million in FY12 and $11.509 billion over ten years for DOT and $20 million in FY12 and $219.17 million over ten years for FEMA.

The Rail-line Relocation Grants Program

This grant program was authorized in SAFETEA-LU at $350 million per year from FY2006-2009 to provide financial assistance for local rail line relocation and improvement projects. This grant program is primarily earmarked, as in FY10 more than 70 percent of the $34.5 million appropriated was earmarked. President Obama has twice[200] recommended terminating this program[201] because it duplicates several programs, including the Railway-Highway Crossings program which focuses on safety improvements of rail lines and accomplishes many of the same goals with its annual appropriations of $220 million distributed to states by formula, enabling states to set their own priorities.[202] This plan recommends eliminating this program resulting FY12 savings of $34.5 million and $378.6 million over ten years.

<u>Federal Transit Administration</u>

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[195] "Vote on S.Amdt. 3474 to S.294," United States Senate, October 30, 2007, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=1&vote=00397, accessed July 15, 2011.

[196] "Intercity Passenger Rail – AMTRAK Guidance and Application Kit," Department of Homeland Security, December 2009, http://www.fema.gov/pdf/government/grant/2010/fy10_ipr_guidance.pdf, accessed July 14, 2011.

[197] Department of Homeland Security Website, "Fiscal Year (FY) 2010 Intercity Passenger Rail – Amtrak (IPR) Frequently Asked Questions (FAQs)," http://www.fema.gov/pdf/government/grant/2010/fy10_ipr_faq.pdf, accessed July 15, 2011.

[198] Department of Homeland Security Website, "Transit Security Grant Program," http://www.fema.gov/government/grant/tsgp/index.shtm, accessed July 14, 2011.

[199] Department of Homeland Security Website, Preparedness Grants Programs," http://www.dhs.gov/xlibrary/assets/grants_tsgp_overview_fy2010.pdf, accessed July 14, 2011.

[200] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2010 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2010/assets/trs.pdf.

[201] Executive Office of the President of the United States, Budget of the U.S. Government, "Fiscal Year 2011 Terminations, Reductions and Savings," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf.

[202] Federal Highway Administration Website, "Fact Sheets on Highway Provisions," http://www.fhwa.dot.gov/safetealu/factsheets/railcrossings.htm, accessed July 14, 2011.

The Federal Transit Administration (FTA) administers numerous transit funding programs to support a "variety of locally planned, constructed, and operated public transportation systems throughout the United States. Transportation systems typically include buses, subways, light rail, commuter rail, streetcars, monorail, passenger ferry boats, inclined railways, or people movers."[203] Most FTA appropriations come from the Mass Transit Account (MTA), which is financed by a tax of 2.86 cents on each gallon of fuel purchased at the pump.

In FY10, FTA received $10.733 billion in appropriations. About 80 percent ($8.343 billion) of these appropriations came from federal gas taxes Americans pay at the pump and the remaining 22 percent came from General Fund appropriations. Within the General Fund, while some funding went towards administration costs ($99 million or four percent) and research funding ($66 million or three percent), the vast majority went to the New Starts program ($2 billion or 84 percent). The remaining funding went to the Transit Investments for Greenhouse Gas and Energy Reduction grant program ($75 million or 3 percent) and the Washington, D.C. metro service ($150 million or 6 percent).[204]

Paul S. Sarbanes Transit in Parks Program

The Paul S. Sarbanes Transit in Parks Program provides funding for alternative transportation systems, such as shuttle buses, rail connections and bicycle trails. The program "seeks to conserve natural, historical, and cultural resources; reduce congestion and pollution; improve visitor mobility and accessibility; enhance visitor experience; and ensure access to all, including persons with disabilities." DOT administers this program with the Department of the Interior and the U.S. Forest Service. Funding is awarded to federal land management agencies and state, tribal, or local governmental authorities with nearby land. Funding for alternative transportation includes "sightseeing service."[205] This program is not a national transportation priority and is duplicative of a number of programs, including the Federal Highway Lands program and broader transportation, conservation, and economic development federal programs. This plan recommends eliminating this program saving $26.844 million in FY12 and $294.17 million over ten years.[206]

New Starts

The New Starts program provides federal funds to public transit agencies for construction of new transit systems and expansion of old ones. It received $2 billion in federal funding for FY10. While the majority of the funding goes to rail transit, New Starts also funds the development of bus rapid transit (BRT) and ferries.[207] The current federal cost share is up to 80 percent of project costs. While there are questions whether rail transit is more environmentally friendly than other types of transit, including automobile use, or more cost effective than BRT,[208] no one

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[203] Federal Transit Administration Website, "Welcome to the Federal Transit Administration," http://www.fta.dot.gov/about_FTA.html, accessed July 14, 2011.

[204] Senate Report 111-230.

[205] Federal Transit Administration Website, "Paul S. Sarbanes Transit in Parks Program," http://www.fta.dot.gov/funding/grants/grants_financing_6106.html, accessed July 14, 2011

[206] "Paul S. Sarbanes Transit in Parks Program Announcement of FY2010 Project Selections," Federal Transit Administration, January 28, 2011, http://www.gpo.gov/fdsys/pkg/FR-2011-01-28/pdf/2011-1840.pdf

[207] CRS Report R41442, "Public Transit New Starts Program: Issues and Options for Congress," Congressional Research Service, October 5, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41442&Source=search

[208] GAO-01-984, "Mass Transit Bus Rapid Transit Shows Promise," Government Accountability Office, July 14, 2011, http://www.gao.gov/new.items/d01984.pdf

questions that there is a massive transit maintenance backlog of $77.7 billion.[209] The Congressional Budget Office (CBO) highlighted eliminating of the New Starts program as one of its budget options because of efficacy concerns and because many consider it to be inappropriate and inefficient to have the federal government dictate how communities spend federal aid for transit because local officials know more about local needs and priorities than federal agencies do.[210] Even without New Starts, state and local governments could use federal aid distributed by formula grants (noncompetitive awards based on a formula) for new rail projects.

Given the incredible maintenance backlog and increasing national debt, this plan recommends reducing the maximum federal cost-share to 50 percent to increase the effectiveness of the program, reducing annual appropriations by $1 billion in FY12 and phasing out the remaining appropriations over five years, and requiring an open, merit-based process for all types of transit projects, including critical maintenance transit projects. Implementing this recommendation results in $1 billion in savings in FY12 and $18.474 billion over the next decade.

Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER)
The Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) grant program was created in the 2009 federal stimulus law as a $100 million grant program to "to public transit agencies for capital investments that will assist in reducing the energy consumption or greenhouse gas emissions of public transportation systems."[211] In FY10 $75 million was appropriated for this program, which funds at a 100 percent federal cost-share the purchase of more energy-efficient transit vehicles and other initiatives to reduce transit energy consumption.[212] This program is duplicative of other federal programs that incentivize local and state initiatives for reducing carbon dioxide emissions and energy consumption and should not be prioritized over other transit projects. The Department of Energy has a loan guarantee program for alternative vehicle technologies and FTA has a $50 million Clean Fuels Grant Program that supports emerging clean fuel and advanced propulsion technologies for transit buses and markets for those technologies.[213] This plan recommends eliminating this program and saving taxpayers $75 million in FY12 and $821.9 million over ten years.

Washington Metropolitan Area Transit Authority (WMATA or "Metro") Earmark
For the past couple of years, Congress has earmarked $150 million in funding for the Washington Metropolitan Area Transit Authority (WMATA or "Metro"). WMATA serves the Washington, D.C., metropolitan area through rail and bus transit services. Following a tragic rail accident in 2009 that claimed the lives of eight passengers and the driver of a railcar, publicized information revealed a culture of mismanagement and wastefulness.

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[209] "National State of Good Repair Assessments," Federal Transit Administration, June 2010 http://www.fta.dot.gov/documents/National_SGR_Study_072010(2).pdf, accessed July 14, 2011.
[210] "Budget Options Volume 2," Congressional Budget Office, August 2009, http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf, access July 14, 2011.
[211] Federal Transit Administration Website, "Transit Investments for Greenhouse Gas and Energy Reduction – TIGGER," http://www.fta.dot.gov/index_9440_9326.html#TIGGER, accessed July 14, 2011.
[212] Federal Transit Administration Website, "Transit Investments for Greenhouse Gas and Energy Reduction – TIGGER," http://www.fta.dot.gov/index_9440_9326.html#TIGGER, accessed July 14, 2011.
[213] Federal Transit Administration Website, "Clean Fuels Grant Program," http://www.fta.dot.gov/funding/grants/grants_financing_3560.html, accessed July 14, 2011.

Despite receiving a total of $422.9 million in federal funds in FY10, including $391.4 million for rail,[214] WMATA is struggling to address many of its deficiencies as identified by FTA and the National Transportation Safety Board (NTSB). In particular, increasing operating (primarily personnel) costs have put WMATA's financial stability further at risk. Personnel costs make up approximately 70 percent of all operating costs, including pay and fringe benefits, or $1.13 billion in FY11. While the economy was in a recession, the average annual pay increased for FY2011 by $4,904 or 7.3 percent. At the same time, only $826 million in revenues comes from fares and other business revenues, meaning that user fee revenues don't even cover personnel costs, let alone any additional capital expenditures.[215]

While this plan recommends eliminating this direct subsidy to WMATA, it also recommends reforming numerous federal mandates that make it even more difficult for transit agencies such as WMATA to be financially viable without significant federal assistance. Specifically:

- Remove a one percent transportation enhancement requirement for all capital Improvement program grants (enhancements include historic preservation, landscaping, public art, pedestrian access, bicycle access, and enhanced access for persons with disabilities).[216] There is no federal need to mandate these types of projects. Enacting this reform results in $45 million in FY12 savings and $493.1 million over ten years.[217]
- Reform federal laws to ensure that labor disputes are settled at the local level between transit agencies and union employees;
- Clarify that the Civil Rights Act of 1964 does not prohibit non-discriminatory fare rate increases by transit agencies which, may disproportionately affect one group of Americans;[218] and
- Giving transit agencies more flexibility in providing services to disabled Americans under the Americans for Disabilities Access (ADA).[219]

It is wasteful for Congress to institute low-priority mandates that unnecessarily increase federal spending, when transit agencies are not even able to cover their operating costs with user fees. Instead of artificially driving up spending needs, Congress should eliminate or reform unfunded mandates and cut spending associated with those mandates. Giving transit agencies greater responsibility will also enable increased innovation and better management. While WMATA will not receive $150 million in earmarked spending under this plan, it will continue to receive

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214 "Approved Fiscal 2010 Annual Budget," Washington Metropolitan Area Transit Authority, http://www.wmata.com/about_metro/docs/approved_2010_budget.pdf.

215 "Approved Fiscal Year 2011 Annual Budget," Washington Metropolitan Area Transit Authority, http://www.wmata.com/about_metro/docs/ANNUAL_BUDGET_FY2011.pdf.

216 Federal Highway Administration Website, "FHWA Transportation Enhancements and FTA Transit Enhancements Compared," http://www.fhwa.dot.gov/environment/te/te_compared.htm, accessed July 14, 2011.

217 Federal Transit Administration Spreadsheet, "Revised FY 2010 SECTION 5307 AND SECTION 5340 URBANIZED AREA APPORTIONMENTS," http://www.fta.dot.gov/documents/2010fullyear_-_Table_3_-_Sec_5307_UAF_and_5340_Apportionments.xls, July 15, 2011.

218 "Title VI of the Civil Rights Act of 1964: Principles, Policies, Guidance to FTA Recipients," Federal Transit Administration, Slide 16, http://www.google.com/url?sa=t&source=web&cd=3&sqi=2&ved=0CCcQFjAC&url=http%3A%2F%2Fwww.fta.dot.gov%2Fdocuments%2FTitle_VI_of_the_Civil_RIghts_Act_of_1964.ppt&rct=j&q=civil%20rights%20act%20%22disparate%20impact%22%20fare&ei=mznITP6HC4H_8Ab-j7Ek&usg=AFQjCNHG1kPlUBsr51inCbqSSyId-9gSNA&cad=rja, July 15, 2011.

219 Washington Metropolitan Area Transit Authority Website, "MetroAccess Information Materials and Application Form ," http://www.wmata.com/accessibility/metroaccess_service/eligibility.cfm, accessed July 14, 2011.

funding under the two broader rail transit funding accounts. Savings for FY12 would be $150 million and $1.644 billion over ten years.

Earmarks

Until this year, taxpayers have seen billions of their gas tax dollars wasted on parochial projects such as the "Bridge to Nowhere." In a 2007 study, the DOT Inspector General (IG) found that 28 percent all FTA funds were earmarked ($2.406 billion).[220]

In total, 99.54 percent of all DOT earmarks either were not subject to the agencies' review and selection processes or bypassed the states' normal planning and programming processes (7,724 of 7,660 projects reviewed). The Federal Transit Administration (FTA) had the 2nd most number of earmarks: 15.54 percent (1,252 out of 8,056). These costs do not include the cost of administering these earmarks - another burden on the HTF.[221]

The IG also found that earmarks negatively impact the mission and goals of federal transportation programs in five ways:

1) **Earmarks can reduce funding for the states' core transportation programs.**
2) **Earmarks do not always coincide with DOT strategic research goals.** For Fiscal Year 2006, the IG found that all 46 earmarked projects, valued at about $40.8 million, in the Federal Transit Administration's National Research Program, did not address numerous research goals.
3) **Many low priority, earmarked projects are being funded over higher priority, non-earmarked projects.**
4) **Earmarks provide funds for projects that would otherwise be ineligible.**
5) **Earmarks can disrupt the agency's ability to fund programs as designated when authorized funding amounts are exceeded by overearmarking.** In SAFETEA-LU, earmarks actually exceeded the authorized funding levels for three of the five FHWA research programs for FY 2006, resulting in across-the-board program cuts to stay within authorized funding levels for each of the three programs.[222]

This plan proposal recommends prohibiting earmarks and reducing overall HTF mass transit levels by $1 billion in addition to other transit cuts for FY12 savings of $1 billion and ten year savings of $10.958 billion. Additionally, this plan requires that these funds are appropriated to projects within states in an equitable manner based on the amount of revenues generated by taxpayers within those states.

Mass Transit for Federal Workers

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[220] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf, accessed July 15, 2011.

[221] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf, accessed July 15, 2011.

[222] Inspector General Report Number: AV-2007-066, "Review of Congressional Earmarks Within Department of Transportation Programs," Department of Transportation Inspector General, September 7, 2007, http://www.oig.dot.gov/sites/dot/files/pdfdocs/Congressial_Earmarks-_AV-2007-66----508_Compliant.pdf.

Federal employees enjoy a subsidy for mass transit of up to $230 per month and are directly subsidized to the tune of about $431.6 million according to the most recent numbers through the Transit Benefit Program.[223] Recently costs have increased significantly because of this limit increase for transit benefits.[224]

Congress enacted legislation in fiscal year 1993 that authorized selected Federal Government agencies to elect to pay all or a portion of employees' public transportation costs.[225] The subsidy program was expanded by an Executive Order[226] in FY00 that required all Federal Government agencies to implement a transportation subsidy program. To be eligible to receive the transportation subsidy, employees must use public transportation to commute to and from their offices. DOT manages this program and takes a cut of almost five percent out of the total amount disbursed in subsidies.

With generous benefits such as these, recipients are left to conclude, "Where can you go for that price, drive all month and have all your maintenance, safety sticker, registration, insurance and not have to pay for it?"[227] This plan proposes eliminating this subsidy and saving $431.6 million in FY12 and $4.73 billion over ten years.

Giving States the Flexibility to Manage their Own Highway Gas Taxes for Mass Transit
This plan recommends giving states the ability to keep federal gas taxes levied in their state for mass transit if they agree to spend these funds on mass transit projects. A small portion of these funds would be set aside for federal safety accounts, but states would have the ability to manage the remained of their Highway Tax Revenues dedicated for Federal Highway funding or Mass Transit accounts as if they were state revenues. Nothing would force states to opt-out and states would not only have one chance to opt-out, but could decide to before each fiscal year begins.

By giving states the option to manage HTF dollars themselves, Congress would also be placing an effective accountability check on itself and the Administration, because if they proved to continue to be poor managers of these dollars, states would opt-out. This proposal is identical to a current bill in the House of Representatives (H.R. 1585) and has the support of 23 Members of the House, 13 Senators, 3 governors, and several national and state fiscal and transportation groups. This reform would curb wasteful Congressional spending and encourage innovation within states to address our infrastructure backlog without increasing spending.

Conclusion

The legacy of the Interstate Highway System is a proud one. There is no doubt the existence of the Interstate Highway System has led to the increased welfare of our great country. Unfortunately, the same cannot be said for much of the current spending administered or directed by DOT. Much of DOT serves little purpose but to administer block grants to states for various

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[223] Number calculated from FY10 totals for D.C. federal employees plus non-D.C. federal employees provided by Congressional Research Service.
[224] Personal Memo to Senator Tom Coburn, Congressional Research Service, June 14, 2011.
[225] 5 U.S.C. § 7905.
[226] Executive Order 13150, dated April 21, 2000.
[227] Fujimori, Leila, "Vanpool seeks federal funds after rate hike," *Honolulu Star Advertiser*, June 23, 2011, http://www.staradvertiser.com/news/hawaiinews/20110623__Vanpool_seeks_federal_funds_after_rate_hike.html, accessed July 15, 2011.

modes of transportation or set-aside projects often earmarked that do not reflect national or state transportation priorities.

Congressional oversight has identified billions in low-priority spending and a fragmented approach to addressing critical national transportation infrastructure needs. In light of record spending, GAO found that infusing more money into the HTF in itself "would not ensure the long-term sustainability of the HTF nor address the need for improved performance of our nation's surface transportation programs."[228]

By eliminating duplicative and low-priority spending, repealing and reforming unnecessary or burdensome federal mandates, and increasing state flexibility in managing gas taxes collected in their state, Congress will enable smarter and more innovative transportation spending and help offset the negative impact of necessary budget cuts. Implementing these recommendations will focus taxpayer funds on true transportation priorities and eliminate the current deficit within both the Highway and Aviations trust funds and our overall national debt.

DEPARTMENT OF TRANSPORTATION TEN YEAR SAVINGS
Discretionary: $192.22 billion
Total: $192.22 billion

[228] GAO-09-845T, "Highway Trust Fund: Options for Improving Sustainability and Mechanisms to Manage Solvency," Government Accountability Office, June 25, 2009, http://www.gao.gov/new.items/d09845t.pdf, accessed July 15, 2011.