
The Federal Approach to Surface Transportation Is Fragmented, Lacks Clear Goals, and Is Not Accountable for Results

Why GAO Is Focusing on This Area

The nation's surface transportation system is critical to the economy and affects the daily life of most Americans. The Department of Transportation (DOT) currently administers scores of surface transportation programs costing over \$58 billion annually. The cost to repair and upgrade roads, bridges, and other infrastructure so they can safely and reliably meet current and future demands is estimated in the hundreds of billions of dollars. However, large increases in federal expenditures for transportation in recent years have not commensurately improved system performance. Proposals to reauthorize the surface transportation program—which expired in September 2009 and has been extended until March 2011—have recommended consolidating or eliminating some of these programs.

What GAO Has Found to Indicate Duplication, Overlap, or Fragmentation

The current federal approach to surface transportation was established in 1956 to build the Interstate Highway System, but has not evolved to reflect current national priorities and concerns. Over the years, in response to changing transportation, environmental, and societal goals, federal surface transportation programs grew in number and complexity to encompass broader goals, more programs, and a variety of program approaches and grant structures. This variety of approaches and structures did not result from a specific rationale or plan, but rather an agglomeration of policies and programs established over half a century without a well-defined overall vision of the national interest and federal role in our surface transportation system. This has resulted in a fragmented approach as five DOT agencies with 6,000 employees administer over 100 separate programs with separate funding streams for highways, transit, rail, and safety functions. This fragmented approach impedes effective decision making and limits the ability of decision makers to devise comprehensive solutions to complex challenges. For example, the federal government largely lacks mechanisms for aiding projects that span multiple jurisdictions and implementing projects that involve more than one state or local sponsor or multiple transportation modes.

At the core of this fragmentation is the fact that federal goals and roles for the program are unclear or may conflict with other federal priorities, programs lack links to the performance of the transportation system or of the grantees, and programs do not use the best tools to target investments in transportation to the areas of greatest benefit. For example, the federal government lacks a comprehensive national strategy that defines its role in freight transportation projects, even though enhancing freight mobility is viewed as a top transportation priority. Furthermore, efforts to spur economic development through highway construction may conflict with efforts to improve air quality, and motor fuel taxes that encourage fuel

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consumption to finance highways may conflict with reducing carbon emissions. The largest highway, transit, and safety grant programs distribute funds through formulas that are typically not linked to performance and, in many cases, have only an indirect relationship to needs. As a result, it is difficult to assess the impact of funding on achieving transportation goals. The federal aid highway program, in particular, distributes about \$40 billion a year to the states through complicated formulas that are ultimately overridden by provisions that return federal fuel excise tax revenues to their state of origin. Once DOT apportions funds, states have wide latitude to select their own projects and considerable flexibility to reallocate their funds among highway and transit programs. While these provisions give states the discretion to pursue their own priorities, the provisions may impede the targeting of federal funds toward specific national goals and objectives. To some extent, the federal aid highway program functions as a cash-transfer general-purpose grant program, rather than as a tool for pursuing a cohesive national transportation policy.

**Actions Needed and
Potential Financial or
Other Benefits**

A fundamental re-examination and reform of the nation's surface transportation policies is needed. Since 2004, GAO has made several recommendations and matters for congressional consideration to address the need for a more goal-oriented approach to surface transportation, introduce greater performance and accountability for results, and break down modal stovepipes. Also, GAO has identified a number of principles that can help guide a fundamental re-examination and reform of the nation's surface transportation policies that recognizes emerging national and global imperatives—such as reducing the nation's dependence on foreign fuel sources and minimizing the effect of transportation systems on global climate. These principles include ensuring the federal role is defined based on identified areas of national interest and goals, incorporating accountability for results by entities receiving federal funds, employing the best tools and approaches to emphasize return on targeted federal investment, and ensuring fiscal sustainability.

Applying these principles to a re-examination and reform of surface transportation programs would potentially result in a more clearly defined federal role in relation to other levels of government and thus a more targeted federal role focused around evident national interests. Where national interests are less evident—for example, where the economic benefits are more locally focused or there are varying regional preferences—other stakeholders could assume more responsibility, and some functions could potentially be assumed by the states or other levels of

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government. This would then result in a more streamlined federal program approach and enhance the efficient delivery of programs and services.

From the standpoint of state and local governments, re-examination and reform of the federal approach could reduce the administrative expenses states face complying with myriad federal statutory and regulatory requirements. For example, in May 2009, GAO reported that consolidating the application processes for three federal transit programs that provide funding for transportation-disadvantaged populations could reduce the administrative burden for states and transit agencies applying for these funds. However, GAO has reported that estimates from the states on the costs of complying with some federal requirements are not available.

Congressional reauthorization of surface transportation programs presents an opportunity to address GAO recommendations and matters for congressional consideration that have not been implemented in large part because the current multiyear authorization for surface transportation programs expired in 2009, and existing programs have been funded since then through temporary extensions. Several reform proposals have been introduced, which indicate that some of GAO's more recent recommendations and matters for congressional consideration are gaining traction. In its 2008 report, the National Surface Transportation Policy and Revenue Study Commission, established by Congress, recommended that federal surface transportation investments be carefully aligned with defined national interests through a comprehensive performance-based approach. In a bipartisan "blueprint" for reauthorization, the leadership of the House Transportation and Infrastructure Committee proposed redefining the federal role and restructuring programs by consolidating or eliminating more than 75 programs. The American Recovery and Reinvestment Act of 2009 helped break down modal barriers by establishing a \$1.5 billion discretionary grant program that placed increased emphasis on integrated solutions to transportation challenges and provided an unprecedented ability for proposed projects that cut across modes of transportation to compete for federal funding.

Framework for Analysis

The information contained in this analysis is based on previously issued work listed in the following related GAO products.

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Related GAO Products

Surface Transportation Planning: Opportunities Exist to Transition to Performance-Based Planning and Federal Oversight. GAO-11-77. Washington, D.C.: December 15, 2010.

Federal Transit Programs: Federal Transit Administration Has Opportunities to Improve Performance Accountability. GAO-11-54. Washington, D.C.: November 17, 2010.

Highway Trust Fund: Nearly All States Received More Funding Than They Contributed in Highway Taxes Since 2005. GAO-10-780. Washington, D.C.: June 30, 2010.

Federal Transit Administration: Progress and Challenges in Implementing and Evaluating the Job Access and Reverse Commute Program. GAO-09-496. Washington, D.C.: May 21, 2009.

Surface Transportation: Clear Federal Role and Criteria-Based Selection Process Could Improve Three National and Regional Infrastructure Programs. GAO-09-219. Washington, D.C.: Feb. 6, 2009.

Federal-Aid Highways: Federal Requirements for Highways May Influence Funding Decisions and Create Challenges, but Benefits and Costs Are Not Tracked. GAO-09-36. Washington, D.C.: December 12, 2008.

Surface Transportation Programs: Proposals Highlight Key Issues and Challenges in Restructuring the Programs. GAO-08-843R. Washington, D.C.: July 29, 2008.

Surface Transportation: Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs. GAO-08-400. Washington, D.C.: March 6, 2008.

Freight Transportation: National Policy and Strategies Can Help Improve Freight Mobility. GAO-08-287. Washington, D.C.: January 7, 2008.

Intermodal Transportation: DOT Could Take Further Actions to Address Intermodal Barriers. GAO-07-718. Washington, D.C.: June 20, 2007.

Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures. GAO-07-15. Washington, D.C.: November 13, 2006.

Area Contact

For additional information about this area, contact Phillip Herr at (202) 512-2834, or herrp@gao.gov.