



Highlights of [GAO-08-400](#), a report to congressional requesters

## Why GAO Did This Study

Surface transportation programs need to be reexamined in the context of the nation's current unsustainable fiscal path. Surface transportation programs are particularly ready for review as the Highway Trust Fund faces a fiscal imbalance at a time when both congestion and travel demand are growing. As you requested, this report (1) provides an overview of the federal role in surface transportation and the goals and structures of federal programs, (2) summarizes GAO's conclusions about the structure and performance of these programs, and (3) provides principles to assess options for focusing future surface transportation programs. GAO's study is based on prior GAO reports, stakeholder reports and interviews, Department of Transportation documents, and the views of transportation experts.

## What GAO Recommends

Congress should consider reexamining and refocusing surface transportation programs so that they: (1) have goals with direct links to an identified federal interest and role, (2) make grantees more accountable through more performance-based links between funding and program outcomes, (3) use tools and approaches that emphasize the return on the federal investment, and (4) address the current imbalance between federal surface transportation revenues and spending. DOT generally agreed with the information in this report, and provided technical clarifications, which were incorporated as appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-400](#). For more information, contact JayEtta Hecker at (202) 512-2834 or [heckerj@gao.gov](mailto:heckerj@gao.gov).

## SURFACE TRANSPORTATION

### Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs

#### What GAO Found

Since federal financing for the interstate system was established in 1956, the federal role in surface transportation has expanded to include broader goals, more programs, and a variety of program structures. To incorporate additional transportation, environmental and societal goals, federal surface transportation programs have grown in number and complexity. While some of these goals have been incorporated as new grant programs in areas such as transit, highway safety, and motor carrier safety, others have been incorporated as additional procedural requirements for receiving federal aid. Broad program goals, eligibility requirements, and transfer provisions give states and local governments substantial discretion for allocating most highway infrastructure funds. For transit and safety programs, broad basic grant programs are augmented by programs that either require a competitive selection process or use financial incentives to directly target federal funds toward specific goals or safety activities.

Many current programs are not effective at addressing key transportation challenges such as increasing congestion and freight demand. They generally do not meet these challenges because federal goals and roles are unclear, many programs lack links to needs or performance, and the programs often do not employ the best tools and approaches. The goals of current programs are numerous and sometimes conflicting. Furthermore, states' ability to transfer highway infrastructure funds among different programs is so flexible that some program distinctions have little meaning. Moreover, programs often do not employ the best tools and approaches; rigorous economic analysis is not a driving factor in most project selection decisions and tools to make better use of existing infrastructure have not been deployed to their full potential. Modally-stovepiped funding can impede efficient planning and project selection and, according to state officials, congressionally directed spending may limit the states' ability to implement projects and efficiently use transportation funds.

A number of principles can help guide the assessment of options for transforming federal surface transportation programs. These principles include: (1) ensuring goals are well defined and focused on the federal interest, (2) ensuring the federal role in achieving each goal is clearly defined, (3) ensuring accountability for results by entities receiving federal funds, (4) employing the best tools and approaches to emphasize return on targeted federal investment, and (5) ensuring fiscal sustainability. With the sustainability and performance issues of current programs, it is an opportune time for Congress to more clearly define the federal role in transportation and improve progress toward specific, nationally-defined outcomes. Given the scope of needed transformation, it may be necessary to shift policies and programs incrementally or on a pilot basis to gain practical lessons for a coherent, sustainable, and effective national program and financing structure to best serve the nation for the 21st century.