Nearly All States Received More Funding Than They Contributed in Highway Taxes Since 2005

What GAO Found

Since 2005, every state received as much or more funding for highway programs than they contributed to the Highway Account of the trust fund. This was possible because more funding was authorized and apportioned than was collected from the states and the fund needed to be augmented with general revenues (see map). If the percentage of funds states contributed to the total is compared with the percentage of funds states received (i.e., relative share), then 28 states received a relatively lower share and 22 states received a relatively higher share than they contributed. Thus, depending on the method of calculation, the same state can appear to be either a donor or donee state.

The Equity Bonus Program was used to address rate-of-return issues. It guaranteed a minimum return to states, providing them about $44 billion. Nearly all states received Equity Bonus funding and about half received a significant increase, at least 25 percent, over their core funding.

The infusion of general revenues into the Highway Trust Fund affects the relationship between funding and contributions, as a significant amount of highway funding is no longer provided by highway users. Since fiscal year 2008, Congress has transferred nearly $30 billion of general revenues to address shortfalls in the highway program when more funding was authorized than collected. Using rate of return as a major factor in determining highway funding poses challenges to introducing a performance and accountability orientation into the highway program; rate-of-return calculations in effect override other considerations to yield a largely predetermined outcome—that of returning revenues to their state of origin. Because of this challenge, funding surface transportation programs was placed on GAO’s High-Risk list.

[Map showing states’ return per dollar contributed to the Highway Account of the Highway Trust Fund, FY2005-FY2008 (the latest year for which data are available)]

Sources: GAO analysis of FHWA data; Map Resources (map).

View GAO-10-780 or key components. For more information, contact Phillip Herr at (202) 512-2834 or herrp@gao.gov.