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Should transportation be funded and planned from the top down or bottom up? Top-down advocates, such as the Brookings Institution's [Robert Puentes](#) (writing in the [May 23, 2011 *Wall Street Journal*](#)) argue that only central planners can have a "clear-cut vision for transportation" that will allow them to target spending "to make sure all those billions of dollars help achieve our economic and environmental goals."

Advocates of bottom-up funding, such as the [Cato Institute](#), [Reason Foundation](#) and [Heritage Foundation](#), respond that public and private transportation providers better serve our needs when they are responsive to the fees people pay for various forms of transportation. In fact, most of the problems with transportation today, from an antiquated air-traffic control system to deteriorating bridges to empty transit buses, are due to top-down planning.

Fifty years ago, America's transportation system was almost entirely funded from the bottom up. Airlines, railroads and most transit systems were private and funded out of fares and fees. Airports and highways were public but funded out of user fees such as ticket fees and gas taxes; highway managers knew bridges to nowhere would not generate any fees, so they had no incentive to waste money on unnecessary projects. Transportation deregulation in the late 1970s and early 1980s further improved this system by making airlines, freight railroads and, most recently, intercity buses more innovative and responsive to user needs.

The bottom-up paradigm began to break down in 1964, when Congress [started funding](#) urban transit. In 1973, Congress allowed cities to use federal gas taxes for transit projects for the first time, and in 1982 Congress dedicated a share of those gas taxes -- initially 11.1 percent, now 15.5 percent -- to transit. By the 1990s, the whole idea of a user-fee-driven system was forgotten as Congress used transportation earmarks, which didn't exist before 1982, to divert billions of dollars of gas taxes to politically favored projects -- which often had nothing to do with transportation -- and dedicated increasing shares of the remainder to non-highway programs.

The results of this increasingly top-down system have been huge increases in congestion and massive waste as cities and states today focus scarce transportation funds on urban monuments rather than improvements aimed at increasing mobility. According to the [Texas Transportation Institute](#), congestion today costs the average commuter five times as much as it did in 1982, the year Congress first dedicated gas taxes to transit.

Motivated by a "we-know-better-than-you" mentality, growing numbers of cities are just letting congestion get worse in the hope that a few people will stop driving their cars. Rather than relieving congestion, the mantra is giving people "transportation choices" in the form of expensive rail transit.

Central planners' fascination with trains is a wonder to behold. A group called Reconnecting America [laments](#) that only 14 million American jobs -- about 10 percent -- are located within a quarter mile of transit, by which they mean rail transit. The group advocates spending a quarter of a trillion dollars to increase this to 17.5 million jobs, or 12.5 percent.

Simply putting transit close to jobs, however, doesn't mean people will ride it. The Brookings Institution recently [ranked](#) San Jose as the second-most transit-accessible urban area in America,

while Chicago was ranked 46th. Yet the Census Bureau says only 3.4 percent of San Jose commuters use transit, compared with 13.2 percent in Chicago.

Since 1970, taxpayers have spent some \$500 billion subsidizing transit, including building rail transit lines in more than twenty different urban areas. Yet the number of transit trips taken by the average urban resident has remained virtually unchanged even as per capita urban driving has more than doubled.

No matter how well intentioned, top-down transportation planning quickly turns into a combination of social engineering and pork barrel. It is time to return to a bottom-up funding system that rewards transport agencies and companies for reducing costs and increasing mobility. One way would be to have states take over federal gas taxes as [proposed](#) by New Jersey Representative Scott Garrett.

To the extent that the federal government distributes any transportation funds to states at all, it should use formulas, not grants, because formulas are much harder to politically manipulate. Ideally, the formulas should give [heavy weight](#) to the user fees collected by each state to reinforce, rather than distract from, the bottom-up process.

Top-down planners waste tens of billions of dollars a year on barely used transportation projects that do little to relieve congestion, save energy or reduce auto emissions. A bottom-up, user-fee-funded transportation system will save taxpayers money and increase mobility, which should be the real goals of any transportation policy.

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