



Avoiding the "Transportation Cliff"

May 20, 2014

Throwing more federal dollars at transit is not the solution to our government's infrastructure woes, contends Randal O'Toole, senior fellow at the Cato Institute.

The federal Highway Trust Fund is expected to run out of money in just a few months. Interest groups are calling this the "transportation cliff," and commentators say that without additional funds, highway projects will come to a screeching halt. But O'Toole writes that the funding issue is not the crisis that it is being made out to be. States can use their own funds and short-term loans to complete their construction projects if need be.

The real problem, O'Toole says, concerns federal authority over the gas tax and highway and transit programs. On September 30, Congressional authority for those programs will expire unless they are reauthorized.

Those concerned over the "transportation cliff" want a large increase in spending on these transit programs.

- Transit carries only 1 percent as much travel as highways. However, 20 percent of federal gas taxes go towards transit. The subsidies have not increased ridership, which has fallen since 1970, despite \$1 trillion in federal subsidy spending.
- Many contractors who will profit from building new transit lines are pushing for increased spending. On average, a light-rail line costs more per mile than a ten-lane freeway, despite the fact that it carries fewer people than just one freeway lane.
- Others want to reduce per capita driving and build new rail lines, enabling them to rezone neighborhoods as multifamily housing zones.

President Obama's transportation bill proposal would increase spending by 30 percent overall, increasing transit spending by 70 percent and costing \$14 billion per year for four years.

Raising the gas tax is not a sustainable solution to this funding problem. O'Toole writes that Congress should stop spending more on transportation than it collects from users, and it should look at creating incentives that will improve transportation by eliminating congestion and improving mobility.

Source: Randal O'Toole, "[The Right Way to Avoid the Transportation Cliff](#)," Cato Institute, May 13, 2014.

