



Highlights of [GAO-08-478T](#), a testimony before the Committee on Environment and Public Works, U.S. Senate

## Why GAO Did This Study

The nation has reached a critical juncture with its current surface transportation policies and programs. Demand has outpaced the capacity of the system, resulting in increased congestion. In addition, without significant changes in funding mechanisms, revenue sources, or planned spending, the Highway Trust Fund—the major source of federal highway and transit funding—is projected to incur significant deficits in the years ahead. Furthermore, the nation is on a fiscally unsustainable path. Recognizing many of these challenges and the importance of the transportation system to the nation, Congress established The National Surface Transportation Policy and Revenue Study Commission (Commission) to examine current and future needs of the system and recommend needed changes to the surface transportation program, among other things. The Commission issued its report in January 2008.

This testimony discusses 1) principles to assess proposals for restructuring the surface transportation program and 2) GAO's preliminary observations on the Commission's recommendations. This statement is based on GAO's ongoing work for the Ranking Member of this Committee, the Chairman of the House Transportation and Infrastructure Committee, Senator DeMint, as well as a body of work GAO has completed over the past several years for Congress.

To view the full product, including the scope and methodology, click on [GAO-08-478T](#). For more information, contact JayEtta Z. Hecker at (202) 512-2834 or [heckerj@gao.gov](mailto:heckerj@gao.gov).

## SURFACE TRANSPORTATION

### Preliminary Observations on Efforts to Restructure Current Program

#### What GAO Found

GAO has called for a fundamental reexamination of the nation's surface transportation program because, among other things, the current goals are unclear, the funding outlook for the program is uncertain, and the efficiency of the system is declining. A sound basis for reexamination can productively begin with identification of and debate on underlying principles. Through prior analyses of existing programs, GAO identified a number of principles that could help drive an assessment of proposals for restructuring the federal surface transportation program. These principles include (1) defining the federal role based on identified areas of national interest, (2) incorporating performance and accountability for results into funding decisions, and (3) ensuring fiscal sustainability and employing the best tools and approaches to improve results and return on investment. GAO developed these principles based on prior analyses of existing surface transportation programs as well as a body of work that GAO developed for Congress, including its High-Risk, Performance and Accountability, and 21st Century Challenges reports. The principles do not prescribe a specific approach to restructuring, but they do highlight key attributes that will help ensure that a restructured surface transportation program addresses current challenges.

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#### Principles For Evaluating Restructuring Proposals

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- ✓ Define the federal role based on areas of national interest

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- ✓ Incorporate performance and accountability for results into funding decisions

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- ✓ Ensure fiscal sustainability and employ the best tools and approaches to improve results and return on investment

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Source: GAO.

In its report, the Commission makes a number of recommendations for restructuring the federal surface transportation program. The recommendations include significantly increasing the level of investment by all levels of government in surface transportation, consolidating and reorganizing the current programs, speeding project delivery, and making the current program more performance- and outcome-based and mode-neutral, among other things. GAO is currently analyzing the Commission's recommendations using the principles that GAO developed for evaluating proposals for restructuring the surface transportation program. Although this analysis is not complete, GAO's preliminary results indicate that some of the Commission's recommendations appear to be aligned with the principles, while others may not be aligned. For example, although the Commission identifies areas of national interest and recommends reorganizing the individual surface transportation programs around these areas, it generally recommends that the federal government pay for 80 percent of project costs without considering whether this level of funding reflects the national interest or should vary by program or project.