

The logo for the Eno Center for Transportation. It features the word "Eno" in a large, blue, sans-serif font inside a white square with a blue border. Below the square, the words "Center for Transportation" are written in a smaller, white, sans-serif font on a blue background.

Eno

Center for
Transportation

HOW THE "DONOR-DONEE" DEBATE DEVELOPED

JEFF DAVIS

SENIOR FELLOW, ENO CENTER FOR TRANSPORTATION

IN THE
BEGINNING...

1916 – First Federal-Aid for Good Roads Act

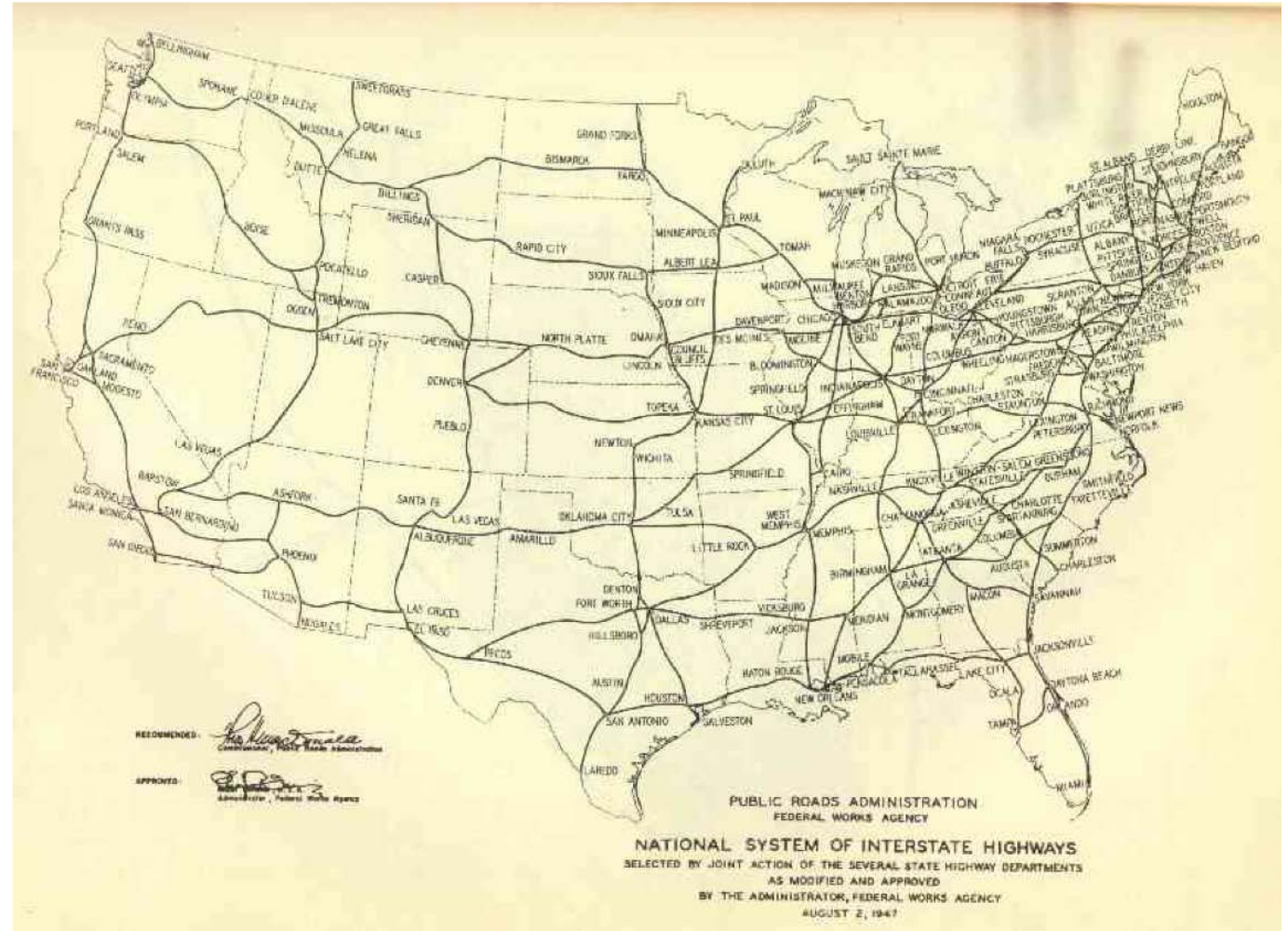
- 50-50 Federal-state matching shares
- Apportioned via formula
 - 1/3 state land area
 - 1/3 state population
 - 1/3 state share of Postal route-miles
- States picked which roads and segments to improve
- Federal program paid for via general revenues

THEN CAME THE INTERSTATE

Interstate Highway System

- Separate from regular federal-aid program
- 1944 – 40,000-mile system authorized by Congress
- 1947 – The 48 states and BPR agree on a map of 37,700 miles of the system
- No funding provided until de minimis funding starting in 1954.
- How to pay for Interstate construction?

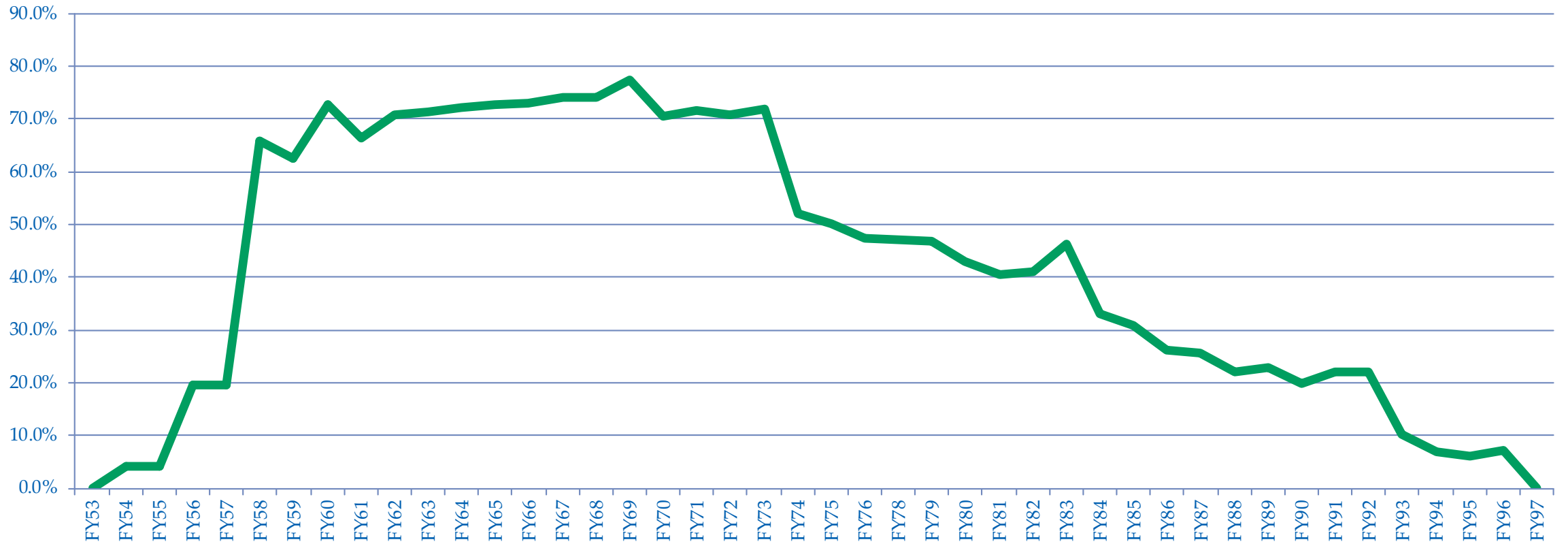
HOW TO PAY TO CONSTRUCT THESE INTERSTATE HIGHWAYS?



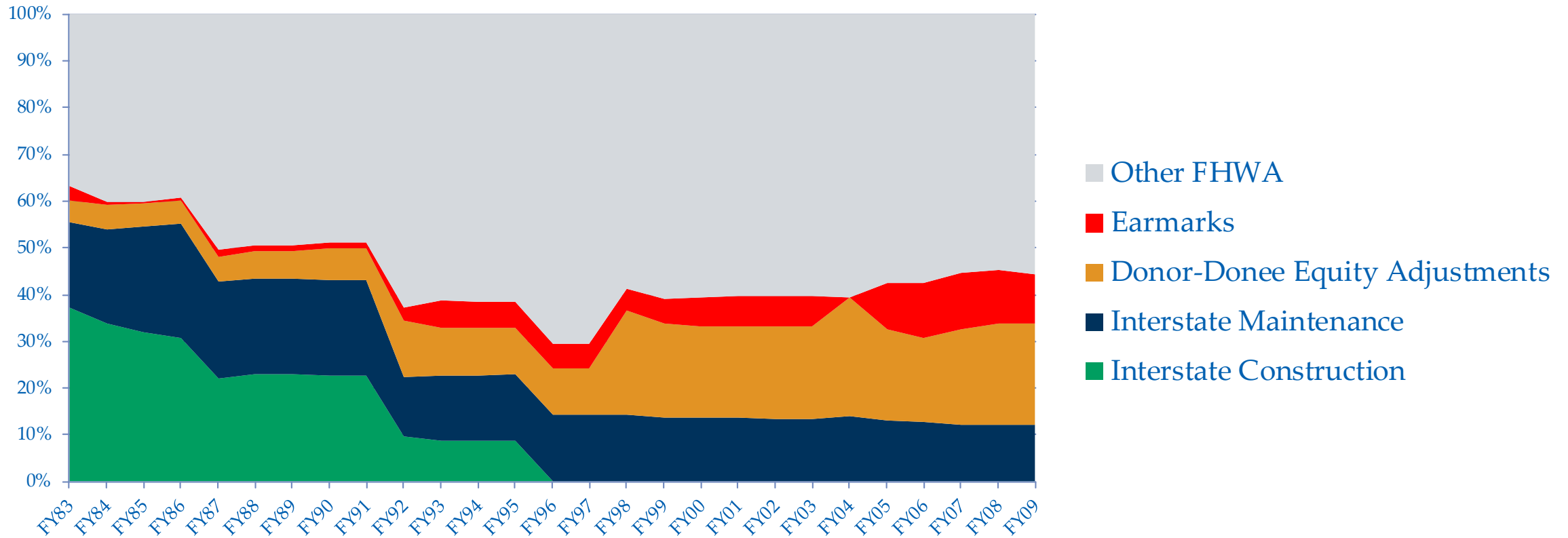
1956 – THE SOLUTION

- Increase existing taxes on motorists and truckers
- Dedicate those tax receipts to a new Highway Trust Fund
- Fund both the Federal-aid program and the separate Interstate program from the same fund, but give the existing (smaller) Federal-aid program first dibs on revenues
- Pay for Interstate on a cost-to-complete basis – as much money as needed to build the roads on that map, to take as long as it takes
- Once the Interstate is complete, abolish HTF and return motorist/trucker taxes to pre-1956 levels

PERCENT OF TOTAL F.H.W.A. APPORTIONMENTS THAT WENT TO INTERSTATE CONSTRUCTION, F.Y. 1953-1996



WHAT TOOK THE PLACE OF INTERSTATE CONSTRUCTION FUNDING IN THE F.H.W.A. BUDGET? (F.Y. 1983-2009)



DONOR- DONEE: A SYMPTOM, NOT A SOLUTION

- Donor-donee funding fights came about as the Interstate system neared completion, but Congress never let the taxes revert back to their pre-Interstate level
- Without the Map to hold things together for a national purpose with shared sacrifice, it became every state for itself
- Donor-donee and earmarks are both symptoms of the same problem:
- Lack of shared national vision and purpose

WHAT NOW?

- Interstate construction was never meant to have its funding subject to state equity concerns
- Should funding on Interstate System projects (31% of total US FAHP obligations in FY17, 40% of TX's FY17 FAHP obs) be excluded from donor-donee calculations?
- How to account for \$140B of general fund infusions into the HTF since 2008?
- Even if the HTF can be put back on a user-pay basis, should it be?