

Proposal to Resuscitate Federal Highway Funding

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House Republican leaders, Boehner, Cantor, and McCarthy have a proposal to address the **Highway Trust Fund's** desperate funding problems and the reauthorization of **MAP-21**, which is set to expire on September 30, 2014.

As discussed in an [earlier post](#), one of the biggest challenges facing Congress in the MAP-21 reauthorization process is what to do about the fiscal condition of the Highway Trust Fund (HTF) which supports funding of the federal highway and transit programs. Simply stated, the HTF is on the verge of insolvency. It has both a short term and long term problem. In the short term, the HTF will not have sufficient revenue to pay the bills through September 30 and it will go into the red sometime in August. In the long term, the HTF simply cannot support current highway and transit funding levels much less the higher levels that are needed to modernize the Nation's national transportation network so that American businesses can compete in today's highly-competitive global marketplace.

The House Republican Leaders' proposal has three parts to it. First, the proposal would transfer about \$12 billion in general revenues into the Highway Trust Fund. This would keep the HTF solvent until May 2015 at current funding levels. Under current House Rules and under recent practice, a transfer of general funds into the Highway Trust Fund must be offset. The Leaders' memorandum suggests two potential offsets: ending the delivery of some Saturday mail; and transferring the current balance remaining in the Leaking Underground Storage Tank Trust Fund.

Adoption of both suggestions would offset the \$12 billion general fund transfer into the HTF and would allow MAP-21 to be extended until May 2015 at current funding levels. It would solve the HTF's short-term funding problem but it would not address the long-term issues.

Second, with MAP-21 expiring this September 30th, the memorandum contemplates a short-term extension, probably until May 2015, of MAP-21 programs rather than a multi-year reauthorization of the programs. This short-term extension would be combined with the HTF short-term fix discussed above into one bill that Congress would consider over the next couple of months. The goal would be to enact it before the August recess.

Third, consideration of the HTF's long-term funding problems and MAP-21 reauthorization would be put off until 2015. The rationale for this approach is that the serious work needed to achieve this structural reform has not been done yet.

This overall approach will undoubtedly disappoint many in the House and Senate who wanted to enact a long-term reauthorization bill this year. There will also be considerable controversy over the postal reform offset. But the bottom line is that something has to be done by the end of July or there will be a disruption of ongoing construction projects in August—right in the middle of the construction season and just months before congressional elections.

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