



America's Neighborhoods Under Attack

HOW THE BIDEN PLAN THREATENS MORE THAN
\$12 BILLION IN TRANSPORTATION FUNDING
FOR ALREADY-TAPPED STATES

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Overview

For too long, states have been faced with ever-expanding Medicaid costs that eat into education, public safety, and transportation. The federal government, through formula grant programs, distributes more than \$12 billion in funding for transportation to help states that are unfortunately seeing their general funds consumed by Medicaid.¹ However, a new radical proposal threatens to undermine this vital funding for states, leaving them in a desperate fiscal situation in the midst of an already challenging crisis.

Medicaid is consuming state resources and crowding-out transportation

Nationally, Medicaid spending has grown from just \$184 billion in 2000 to more than \$600 billion in 2018.² This exponential growth has decimated state general funds and vastly outgrown the rate of new revenues, resulting in less funding for essential infrastructure investment like transportation. In 2000, Medicaid spending consumed just under 20 percent of states' budgets nationwide. Unfortunately, these welfare expenditures are now consuming roughly 30 percent of state budget expenses nationally and have reached nearly 40 percent in some states, such as Pennsylvania and Ohio. In Florida, Medicaid spending grew from \$7.7 billion in 2000 to \$27.3 billion in 2018.³ Meanwhile, transportation spending as a share of state budgets has declined over the same period.⁴

The alarming growth of Medicaid continues to threaten state funding for transportation investment, which is critical to the infrastructure of the United States. Along with bailing out the failing Medicaid program in states, the purpose of federal transportation funding also includes building and maintaining roads, tunnels, bridges and highways, creating hundreds of thousands of jobs across the country. Roughly 4.2 million miles of roads in the United States need to be maintained by states, counties, and municipalities.⁵ Nearly 150,000 workers focus exclusively on the maintenance of this impressive road system.⁶

Biden's radical plan would decimate states' transportation funds

Recently, Joe Biden updated his presidential campaign position on housing to include draconian housing policies such as the HOME Act of 2019, proposed by Senator Cory Booker and Representative Jim Clyburn.⁷⁻⁸ This radical proposal seeks to prevent federal transportation dollars from being distributed to states unless they tear their existing residential zoning policies apart.⁹

The HOME ACT targets neighborhoods that prohibit large apartment buildings and forces these suburban areas to repeal their laws or lose billions in federal dollars destined for roads, bridges, and highways.¹⁰

Using federal transportation funding in a coercive manner to force states into action is rare. In 1974, with a nationwide fuel shortage facing the country, Congress and President Nixon

established a speed limit of 55 miles per hour, demanding that states comply or face the consequences of losing much needed transportation funding.¹¹ This was quickly followed by the requirement that states have statutes in place to require motorcycle helmets in 1975.¹² Federal transportation funding emerged again in 1984 when President Reagan demanded that states implement statutes setting the drinking age at 21, which the Supreme Court upheld in *South Dakota v. Dole*.¹³ In 1995, Republicans in Congress forced President Clinton to restore states' rights and undo the national speed limit and motorcycle helmet laws.¹⁴

At least these coercive measures had the benefit of being tangentially related to transportation, unlike Biden's policy, which mandates the evisceration of zoning laws in suburbs across the country to score political points in urban strongholds. Absent these limited examples, this type of coercion is rarely used, and for good reason.

Biden's policy would directly threaten the more than \$12 billion allocated to states as part of the Surface Transportation Block Grant (STBG) Program, if states don't comply with the extreme provisions of the HOME Act.¹⁵ Indeed, there is a looming threat that \$46 billion appropriated to states for transportation funding could be at risk if these draconian measures were expanded.¹⁶ Jenny Schuetz from the Brookings Institution previously warned about the problems of this proposal and warned that road funding was in jeopardy which is "a whole new ballgame."¹⁷ And since a significant portion of transportation resources are funded by gasoline taxes that state residents have already paid, this radical plan would withhold money that taxpayers have already forked over.

States are already hurting from COVID-19 and the economic fallout

Nothing could be more shortsighted than putting states in an untenable position like this during a pandemic. For example, Florida lost billions in tourism and toll road revenues due to COVID-19.¹⁸ Losing more than \$600 million in federal funding for their transportation budget would be another devastating blow.¹⁹

Indeed, state general fund revenues are set to plummet by up to 20 percent on average due to COVID-19 and state lockdowns, equal to a \$172 billion drop in revenues.²⁰ Some states face even more dire situations, like Alaska which is expected to see a 80 percent drop in general fund revenues.²¹ And as Medicaid spending skyrockets nationwide, transportation funds remain on increasingly unstable footing.²²⁻²³ Further cutting their transportation funding under the Biden plan could push states over the brink.

Biden's plan must be rejected

Ultimately, under Biden's rezoning policy, states already handcuffed by inflating Medicaid costs would be left with the difficult choice between losing billions of dollars in federal funds and tearing their suburbs apart. Radical proposals and policies that shred the fabric of Americana, such as those proposed by Joe Biden, Senator Booker, and Senator Clyburn, must be rejected and funding should continue to flow to states counting on federal assistance.

TABLE 1

BIDEN’S RADICAL PLAN DIRECTLY THREATENS MORE THAN \$12 BILLION IN TRANSPORTATION FUNDING FOR STATES

STATE	FY 2020 SURFACE TRANSPORTATION BLOCK GRANT (STBG) TOTAL	STATE	FY 2020 SURFACE TRANSPORTATION BLOCK GRANT (STBG) TOTAL
Alabama	\$245,432,298	Montana	\$129,949,324
Alaska	\$155,857,612	Nebraska	\$91,489,420
Arizona	\$222,967,580	Nevada	\$108,397,813
Arkansas	\$166,181,866	New Hampshire	\$50,700,532
California	\$1,048,137,089	New Jersey	\$292,446,674
Colorado	\$161,270,563	New Mexico	\$116,909,344
Connecticut	\$150,166,240	New York	\$487,836,077
Delaware	\$51,523,301	North Carolina	\$325,731,113
District of Columbia	\$48,852,942	North Dakota	\$77,976,284
Florida	\$613,629,270	Ohio	\$407,992,546
Georgia	\$401,678,890	Oklahoma	\$204,464,769
Hawaii	\$51,934,683	Oregon	\$157,473,486
Idaho	\$89,712,341	Pennsylvania	\$503,765,944
Illinois	\$428,610,365	Rhode Island	\$68,208,344
Indiana	\$297,524,632	South Carolina	\$215,537,181
Iowa	\$157,761,587	South Dakota	\$88,517,870
Kansas	\$120,917,351	Tennessee	\$265,298,313
Kentucky	\$213,825,070	Texas	\$1,142,841,937
Louisiana	\$226,324,212	Utah	\$109,353,917
Maine	\$57,018,934	Vermont	\$62,503,850
Maryland	\$178,997,233	Virginia	\$315,701,430
Massachusetts	\$177,426,422	Washington	\$209,500,895
Michigan	\$320,467,515	West Virginia	\$138,959,136
Minnesota	\$203,313,740	Wisconsin	\$237,891,534
Mississippi	\$155,297,492	Wyoming	\$80,645,720
Missouri	\$302,902,609	Total	\$12,137,825,290

Source: U.S. Department of Transportation via [usaspending.gov](https://www.usaspending.gov)

TABLE 2

BIDEN'S PROPOSALS POSE A LOOMING THREAT TO \$46 BILLION IN TRANSPORTATION FUNDING FOR STATES

STATE OR TERRITORY	FY 2019 FORMULA GRANT PROGRAMS TOTAL	STATE OR TERRITORY	FY 2019 FORMULA GRANT PROGRAMS TOTAL
Alabama	\$858,585,315	New Hampshire	\$205,674,156
Alaska	\$606,886,449	New Jersey	\$1,164,742,425
Arizona	\$810,130,965	New Mexico	\$433,900,841
Arkansas	\$589,540,396	New York	\$2,008,466,085
California	\$4,194,799,074	North Carolina	\$1,230,487,797
Colorado	\$624,433,344	North Dakota	\$283,066,335
Connecticut	\$608,814,593	Ohio	\$1,518,734,516
Delaware	\$199,776,269	Oklahoma	\$723,874,010
District of Columbia	\$183,758,067	Oregon	\$595,516,904
Florida	\$2,158,197,019	Pennsylvania	\$1,913,622,783
Georgia	\$1,505,846,124	Rhode Island	\$302,763,588
Hawaii	\$186,936,177	South Carolina	\$772,618,250
Idaho	\$339,372,041	South Dakota	\$347,016,499
Illinois	\$1,649,931,827	Tennessee	\$1,018,479,266
Indiana	\$1,077,383,326	Texas	\$4,170,373,629
Iowa	\$573,515,966	Utah	\$408,424,071
Kansas	\$455,172,641	Vermont	\$235,378,357
Kentucky	\$753,057,065	Virginia	\$1,128,861,572
Louisiana	\$832,465,735	Washington	\$794,135,681
Maine	\$216,889,634	West Virginia	\$539,332,604
Maryland	\$689,881,622	Wisconsin	\$814,697,907
Massachusetts	\$720,263,213	Wyoming	\$327,407,189
Michigan	\$1,217,138,712	American Samoa	\$3,994,656
Minnesota	\$742,270,701	Guam	\$24,456,800
Mississippi	\$551,120,213	Northern Mariana Islands	\$1,498,223
Missouri	\$1,125,813,848	Puerto Rico	\$188,532,121
Montana	\$505,665,018	Virgin Islands	\$12,790,357
Nebraska	\$336,449,328	Indian Tribes	\$437,075,100
Nevada	\$417,319,572	Total	\$46,337,335,976

Source: U.S. Department of Transportation via [usaspending.gov](https://www.usaspending.gov)

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