

February 2009

# Federal Funding for Conservation and Recreation

*Trails Funding by the Department of  
Transportation*

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## **Federal Funding for Conservation and Recreation: Trails Funding by the Department of Transportation**

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### **Introduction**

The Federal Highway Administration (FHWA) of the Department of Transportation (DOT) has emerged as the largest single source of funding for multiuse paths and trails in the United States. Since 1992, transportation enhancement (TE) activities have contributed \$5.6 billion<sup>1</sup> in federal funds to support more than 14,000<sup>2</sup> projects for paths, trails, and bicycle facilities. The Recreational Trails Program (RTP) has funded more than 10,000 projects, awarding \$800 million in matching federal grants to states for recreational trails. In this background, we provide a brief history of DOT funds benefiting recreation as well as program descriptions and funding trends for TE activities and the RTP.

### **History**

Before the 1990s, federal highway funds could be used only for highway projects or specific bicycle transportation facilities. However, in 1991, Congress made a major shift in surface transportation policy with the Intermodal Surface Transportation Efficiency Act (ISTEA). For the first time, pedestrian and bicycle facilities were framed as part of the nation's transportation infrastructure, and trail projects became eligible for almost all federal-aid highway funds. The TE program created a major dedicated funding source available for multimodal forms of transportation, including multiuse trails and paths. The RTP, also founded under ISTEA, established a funding mechanism specifically geared to support outdoor recreation resources.

Congress historically has reauthorized the Federal Surface Transportation Program (STP) every four to six years. The Transportation Equity Act for the 21st Century (TEA-21) increased

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\*Research Assistant, Resources for the Future. I appreciate the helpful comments of Christopher Douwes of the Federal Highway Administration and assistance with data and information from Thomas Gotschi and Jeffrey Ciabotti of the Rails-to-Trails Conservancy. This background is one in a series of backgrounders for the Outdoor Resources Review Group (see [www.rff.org/orrg](http://www.rff.org/orrg)).

<sup>1</sup> \$5.6 billion represents funds (adjusted in 2007 dollars) under "bicycle and pedestrian" and "rail-trail" activities.

<sup>2</sup> TE program has supported about 23,000 projects over its program history. Roughly 14,000 of these are strictly bicycle, pedestrian and trail related projects (as of 2007).

TE and RTP funding between 1998 and 2003 and expanded eligibility for projects that benefit recreation. In 2005, after a series of extensions, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) continued previous programs and added the Safe Routes to School Program (SRTS) and the Nonmotorized Transportation Pilot Program (NTPP), which build infrastructure to promote walking and bicycling. The next STP authorization is scheduled for 2009, although extensions are possible into 2010.

## **Transportation Enhancement (TE) Activities**

### ***Administration***

The Federal-aid Highway Program currently grants more than \$35 billion annually to the states through formula apportionments through several categories. One of these categories is STP, which currently grants more than \$6 billion to states annually. The TE activities receive a formula set-aside of 10 percent of STP funds and 10 percent of Equity Bonus funds attributable to STP. These sources created a TE budget of about \$800 million in FY2007. The TE is designed to promote bicycling, walking, scenic and historic highway programs, historic preservation, and environmental mitigation. Although recreation often benefits from TE funds, TE projects must first relate to surface transportation (Douwes 2008).

Of the twelve categories or “activities” eligible for TE funds, two relate most directly to recreation; these are highlighted in bold below:

1. **Pedestrian and bicycle facilities** (including shared-use paths and trails)
2. Pedestrian and bicycle safety and education activities
3. Acquisition of scenic and historic easements (including property purchase)
4. Scenic or historic highway programs (including tourist centers)
5. Landscaping and scenic beautification
6. Historic preservation
7. Rehabilitation and operation of historic transportation structures
8. **Conversion of abandoned railway corridors into trails** (rail-trails)
9. Inventory, control, and removal of outdoor advertising (billboard removal)
10. Archaeological planning and research
11. Environmental mitigation to address water pollution or reduce wildlife mortality and maintain habitat connectivity
12. Establishment of transportation museums.

The pedestrian and bicycle facilities category is the most important TE category in terms of funds available for recreation. Pedestrian and bicycle facilities include new or reconstructed sidewalks, walkways, curb ramps, bicycle lane striping, paved shoulders, bicycle parking, bus racks, off-road trails, and pedestrian bridges and underpasses. Although most FHWA funds are eligible for pedestrian and bicycle projects, the TE provides about half of all DOT funding for these activities.

The TE is a federal reimbursement program that can only be used for project construction, not for routine maintenance. The maximum federal share for TE projects is generally 80 percent,<sup>3</sup> and any remaining contributions must come from local government entities that serve as project sponsors. Since TE serves as a funding mechanism, project administration and selection is generally performed by the state DOT in the state where the project resides. The DOT encourages states to enter into contracts with youth conservation and service corps to execute TE projects. Each state has a state TE program manager to assist project sponsors.

### ***Funding***

State planning and administration processes place a lag-time between the apportionment and expenditure of TE funds. Some basic terminology creates a framework for the spending stages. “Apportionments” represent the amount received by states from the FHWA each federal fiscal year. Unspent apportionments for any year accumulate into a balance that can be applied toward TE projects in later years. Over the 16-year program history, many states have accumulated a balance of TE funds several times larger than annual apportionments. However, state DOTs can elect to return money from these state TE balances to the federal government if Congress mandates transportation “rescissions,” or midyear budget reductions. TE funds are “programmed” when a state selects specific projects for implementation.

Figure 1 shows federal apportionments and rescissions in inflation-adjusted 2007 dollars. Overall TE apportionments have increased slowly over the program’s history, accumulating to a total of \$11.8 billion over the 1992–2007 time period. Early program funding levels remained near \$600 million per year (in 2007 dollars). In the late 1990s, annual funding rose to \$800 million and has remained near this level for several years with moderate fluctuations. In recent

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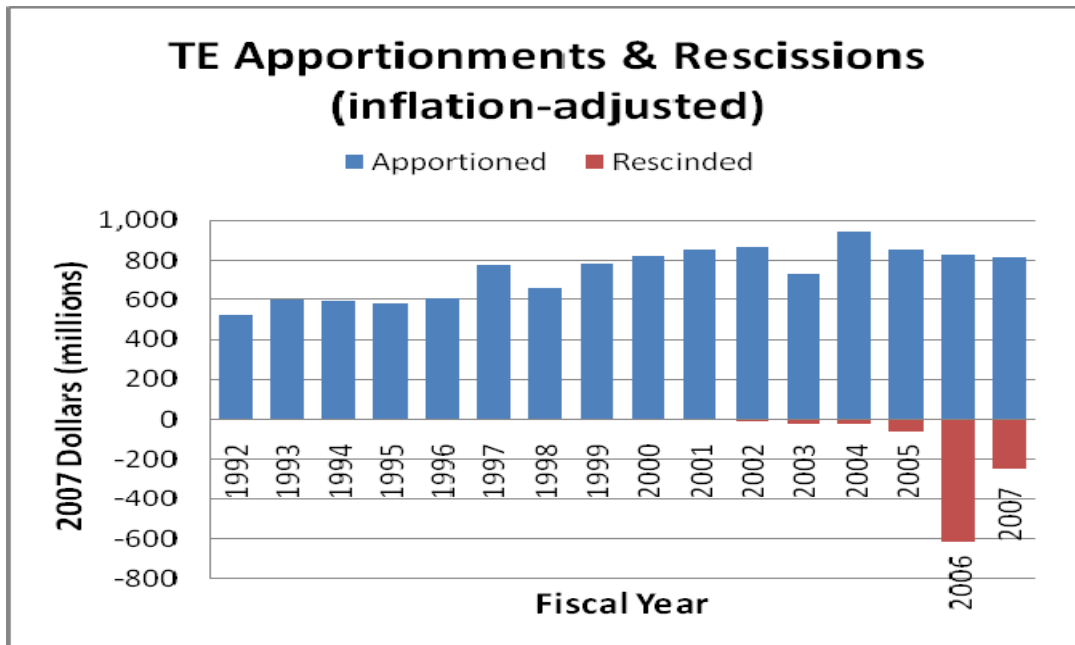
<sup>3</sup> States with larger portions of federal land may receive more than 80 percent federal reimbursement for TE projects.

years, however, several states have returned large amounts of TE balances to the federal government (red bars in Figure 1).

In 2006 and 2007, Congress required states to return a total of \$7.3 billion in transportation funds to the federal government through a series of rescissions. Most states chose to make disproportionate reductions in TE budgets, cutting a total of \$865 million TE dollars between 2006 and 2007. Nearly 12 percent of total rescissions came from TE programs, although these programs account for less than 2 percent of total transportation funding. These cuts demonstrate that some state DOTs may consider TE activities to be a low priority compared to other highway projects. In 2008, Congress mandated that states allocate STP rescissions proportionately across programs, largely in an effort to protect TE budgets during future rescissions.

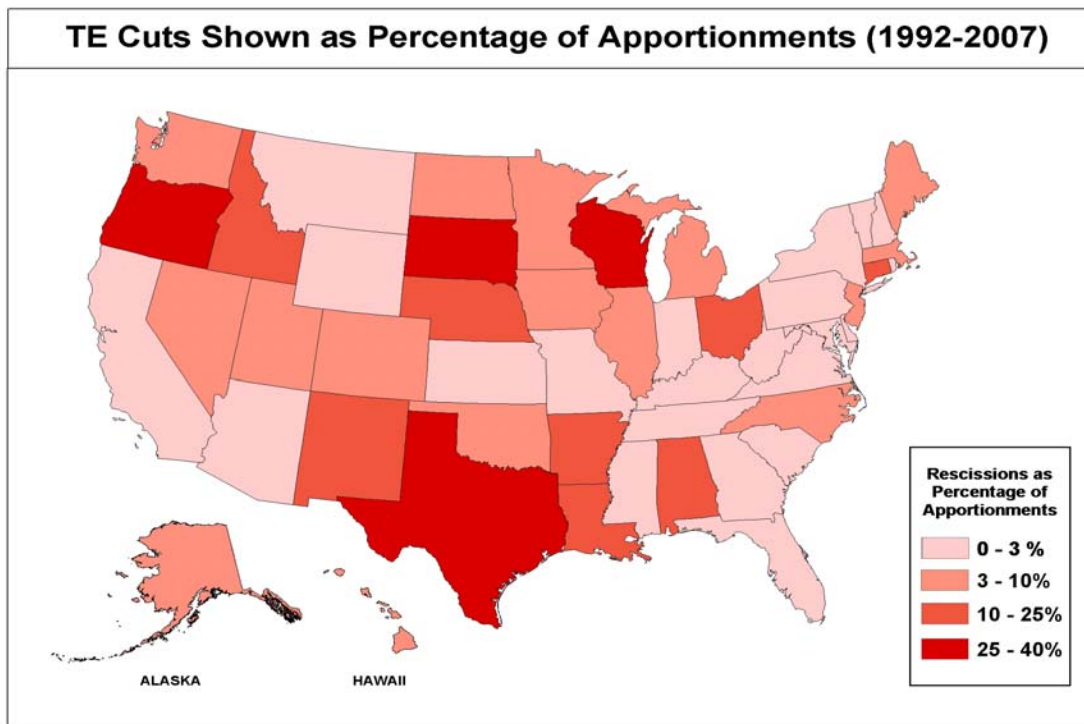
Figure 2 shows the highly varied impact of rescissions across different states. Although rescissions have not impacted TE budgets in many states, some states have forfeited a large percentage of total TE appropriations since 1992, with South Dakota (36 percent), Wisconsin (30 percent), Oregon (28 percent), and Texas (28 percent) leading the country in losses. The lion's share of these rescissions occurred during 2006 and 2007, when some states returned several years of accumulated apportionments (RTC 2007). Over the history of program operations TE has lost \$978 million in rescissions, which accounts for over 8 percent of total inflation-adjusted apportionments since 1992.

Figure 1. Transportation Enhancements Funding, 1992–2007



Data source: National Transportation Enhancements Clearinghouse (2008).

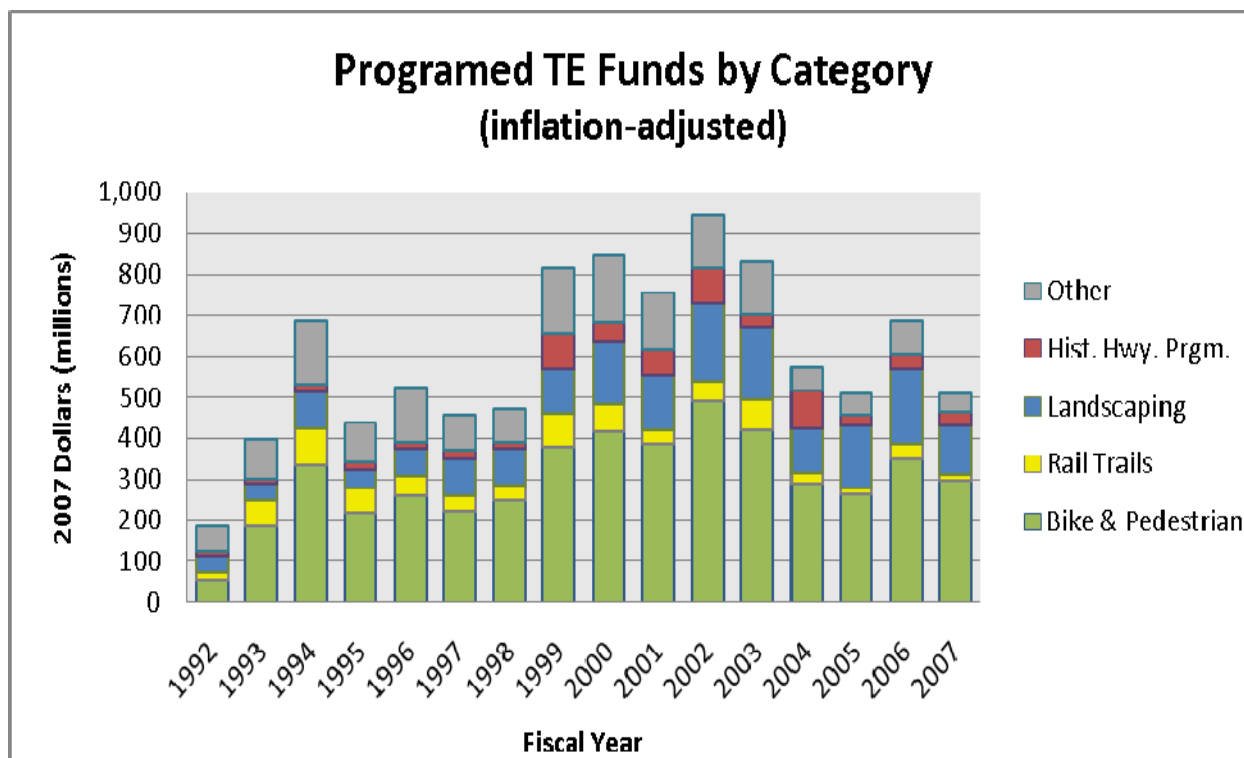
Figure 2. Transportation Enhancements Rescissions, 1992–2007



Data Source: Department of Transportation. Available at: [http://www.fhwa.dot.gov/environment/TE/app\\_ob\\_summ.htm](http://www.fhwa.dot.gov/environment/TE/app_ob_summ.htm).

Figure 3 provides a breakdown of inflation-adjusted programmed funds by TE category. Because states can save apportioned money, programmed funds show different trends than apportioned funds. In total, approximately \$10.1 billion (in 2007 dollars) has been programmed for use over the 1992–2007 time period. Green bars represent the category of bicycle and pedestrian facilities, which accounts for 47.7 percent of programmed TE funds (\$4.8 billion in 2007 dollars) since the program began. Yellow bars show rail-trail funding, also important to recreation, which accounts for 7.8 percent (\$0.7 billion) of cumulative programmed TE funds. Large TE categories with less direct benefits to recreation include landscaping and scenic beautification (blue bars) and scenic and historic highway programs (red bars), which account for about 17.7 percent (\$1.8 billion) and 6 percent (\$0.6 billion) of TE funds, respectively (in 2007 dollars). Gray bars represent the “other” category that includes the remaining eight TE activities.

**Figure 3. Transportation Enhancements Funding by Category, 1992–2007**



Data source: National Transportation Enhancements Clearinghouse (2008).

The rail-trail program has converted more than 15,000 miles of abandoned railroad corridors into multiuse trails available for recreation. Rail-trail projects can leverage federal funds by using corridors that already exist; however, TE funds devoted to rail-trails have

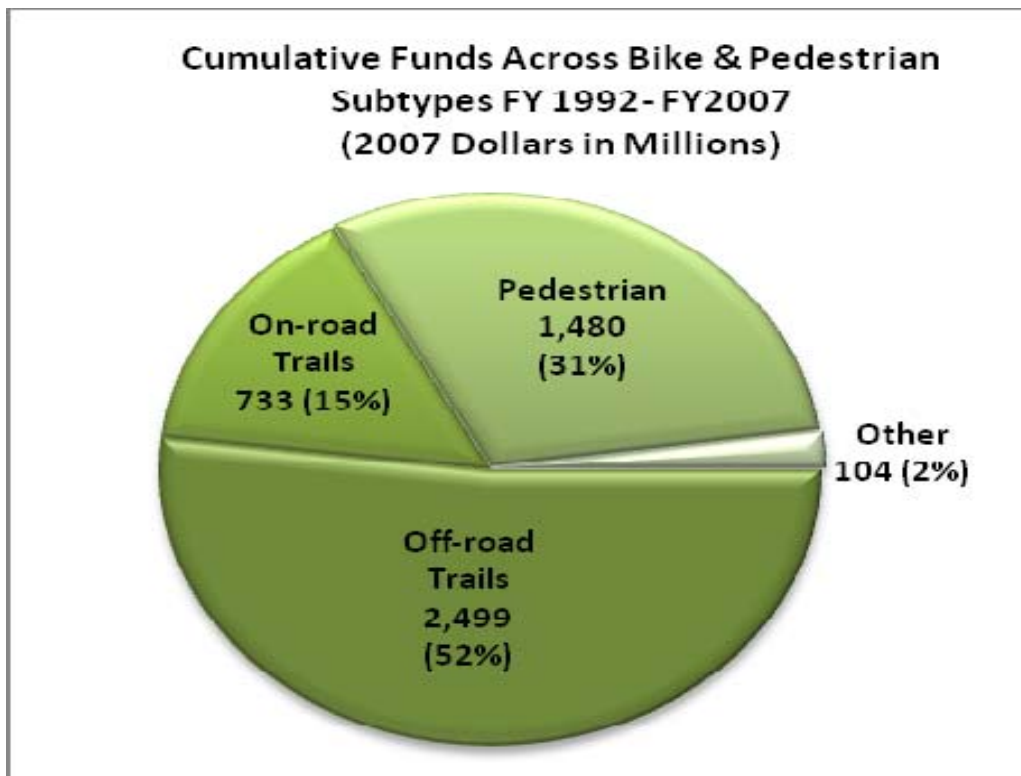
decreased substantially in recent years. Between 1992 and 1999, rail-trail projects made up 10.5 percent of programmed TE funds but only accounted for 5.5 percent of total funds between 2000 and 2007 (after adjusting for inflation).

This drop in funding may partly be attributed to the evolving objectives of rail-trail projects. Although the rail-trail movement found early success in accessing TE funds for many suburban and rural corridor conversions, it is now focusing efforts on more complex, cross-jurisdictional projects in densely populated urban areas. These projects present unique legal and logistical hurdles, making them more expensive and time-consuming than other TE projects (Ciabotti 2009). In 2007 dollars, the average rail-trail project received \$610,000 in federal funds, significantly higher than the \$430,000 awarded to the average TE project.

Figure 4 provides a breakdown of cumulative programmed funds across bicycle and pedestrian subtypes in 2007 dollars. This chart highlights the strong TE support for trail development. Off-road trails comprise the majority of bicycle and pedestrian funds with \$2.5 billion over the program lifetime, followed by pedestrian facilities (\$1.5 billion) and on-road trails (\$0.7 billion). TE funds will continue to support trail development, as the bicycle and pedestrian category accounts for 65 percent of future programmed TE funds—a significant increase from the current cumulative programming share of about 50 percent (NTEC 2008).<sup>4</sup>

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<sup>4</sup>Not all states submit future programming data, so actual funding may deviate from future programming predictions.

**Figure 4. Transportation Enhancements Bicycle and Pedestrian Funding, 1992–2007**

Data source: National Transportation Enhancements Clearinghouse (2008).

## Recreational Trails Program

### *Administration*

The RTP is an assistance program under the Federal-Aid Highway Program. The RTP received \$75 million in FY2007 from the Federal Highway Trust Fund, with revenues generated from the motor fuel excise tax collected on nonhighway recreational fuel use. Half of RTP funds are distributed equally among all states and half of funds are distributed in proportion to the estimate of nonhighway recreational fuel use in each state. RTP funds are intended to directly benefit outdoor recreation, including hiking, biking, in-line skating, equestrian use, cross-country skiing, snowmobiling, off-road motorcycling, all-terrain vehicle riding, and other off-road motor vehicle use (FHWA 2005).

RTP is a reimbursement program, and funds can be applied to a diverse range of trail-related projects, including maintenance and restoration of existing trails, rehabilitation of trailside facilities, construction of new trails, and acquisition of easements or property for trails.

The states generally administer RTP under park or natural resource agencies, which have recreational trail advisory committees to assist with the programs<sup>5</sup>. While most states develop their own selection criteria, they must allocate at least 30 percent of funds for motorized trail uses and 30 percent for nonmotorized trail uses, with the remaining 40 percent available for motorized, nonmotorized, or multipurpose trail use.

### ***Funding***

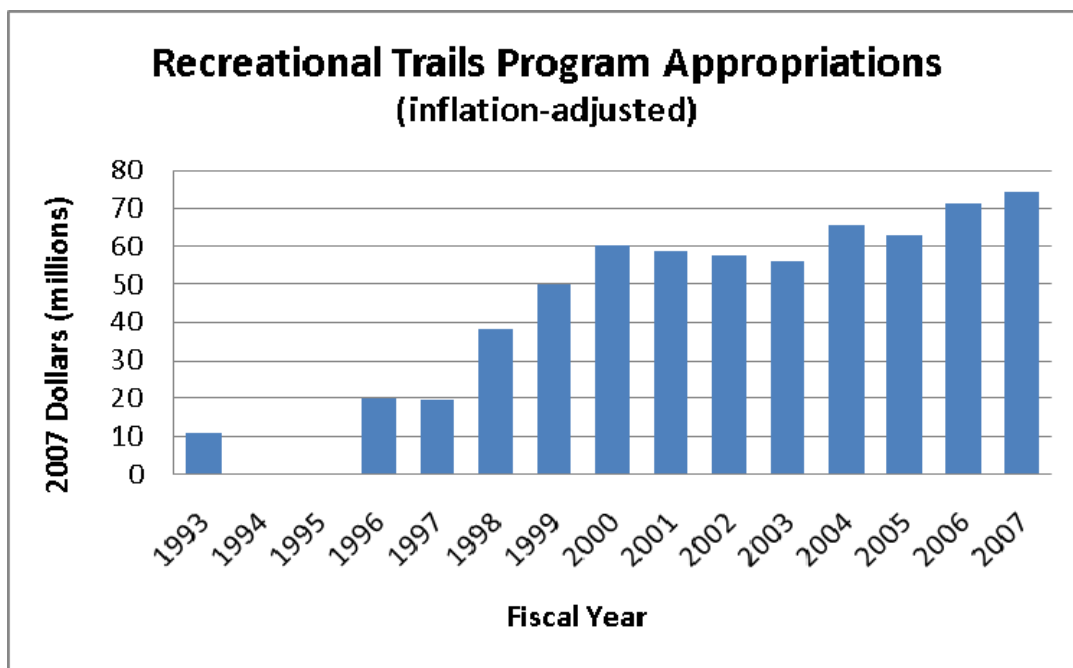
The maximum federal share for projects is generally 80 percent but on average, project sponsors match RTP contributions on a 1:1 basis. Since its inception, RTP has funded more than 10,000 projects, granting \$500 million in federal grants and leveraging over \$1 billion (in 2007 dollars) for recreational trails after matching funds from sponsors.

Figure 5 shows annual inflation-adjusted funding for the RTP, which has changed under different transportation authorization acts. Early funding under ISTEA was relatively low and inconsistent, zeroing out in 1994 and 1995, and reaching \$20 million by 1997. RTP funding increased significantly under TEA-21, tripling within three years, then hovered around \$60 million for several years. SAFETEA-LU established steady, incremental budget increases of \$5 million per year, beginning at \$60 million in 2005 and working to \$85 million by 2009 (all figures in 2007 dollars).

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<sup>5</sup> In some cases RTP funds are controlled by the state DOT not a natural resource agency.

Figure 5. Recreational Trails Program Funding, 1992–2007



**Other Programs**

Newer FHWA programs such as the SRTS and the Nonmotorized Transportation Pilot Program (NTPP) have gained traction under the 2005 SAFETEA-LU and may be poised for rapid growth in the next surface transportation authorization legislation.

The SRTS works to improve the pedestrian and bicycling infrastructure and law enforcement around primary and middle schools to encourage children to walk and bicycle to school. Between FY2005 and FY2009 the SRTS will provide over \$600 million in federal-aid highway funds to state DOTs. The SRTS is promoted as a nexus for health, safety, and transportation; however, it also may provide benefits to neighborhood-based recreation by creating new sidewalks and trails and by promoting a safer environment for children to play outdoors (FHWA 2007a).

The NTPP is a four-year demonstration program designed to encourage active transportation in urban settings and understand what types of infrastructure investments encourage use of different modes of transportation. The pilot program allocated \$25 million to

each of four communities, ranging broadly in size, to develop pedestrian and bicycle infrastructure and to increase awareness of biking and walking opportunities.<sup>6</sup> In these communities, the NTPP is measuring shifts in modes of transportation, particularly movement away from motorized vehicles and toward active transportation and public transportation. An interim report to Congress was released in November 2007 (FHWA 2007b). This report shows baseline information, implementation plans for the four communities, and some early progress reports on the various projects underway. The final report is due in September 2010.

Some groups are advocating that the NTPP be converted from a pilot program into a full-fledged FHWA program under the next transportation authorization. The 2010 Campaign for Active Transportation, sponsored by the Rails-to-Trails Conservancy (RTC), proposes expanding the program several fold by funding dozens of communities across the country with \$50 million apiece to develop active transportation infrastructures. As part of its campaign, RTC is working with interested communities to create a portfolio of 40 “green” infrastructure proposals across the country. The RTC points out that active transportation accounts for 10 percent of all trips taken in the United States (U.S. Bureau of Transportation Statistics 2003) but only received 1.5 percent of the federal surface transportation budget.

## Conclusions and Future Directions for Transportation Funding

Table 1 provides summary information about the TE and RTP. As the table makes clear, significantly more funds are available through the TE program than the RTP. However, the RTP is solely focused on recreation and projects are focused on a recreation outcome. TE projects often have a recreation benefit—particularly rail-trail projects—but they provide many other services as well. Interestingly, money in the TE and RTP programs in FY2007 (\$875 million) far outweighed the funding available through the federal government’s traditional source of recreation-related funding, the Land and Water Conservation Fund (LWCF). Appropriations for the LWCF, which provides funding for federal land acquisition for outdoor recreation and also matching grants to states for the same purpose, totaled approximately \$366 million in FY2007, with less than \$30 million in state grants (Walls 2008).

The enactment of ISTEA in 1991 presented a clear shift in federal transportation priorities to include pedestrian and bicycle transportation, which have remained in subsequent

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<sup>6</sup> The four pilot communities are Columbia, Missouri; Marin County, California; Minneapolis, Minnesota; and Sheboygan County, Wisconsin.

acts. Despite this precedent, the outlook of the next surface transportation authorization legislation remains unclear. The federal surface transportation program will be restructured or reauthorized in 2009 or 2010.

One possible outcome would be a reauthorization of SAFETEA-LU maintaining current program structures, including TE and RTP, with similar levels of funding. It is also possible that while the structure will remain the same, funding for TE, RTP, and other related programs would increase. Bicycle advocacy groups such as Rails-to-Trails Conservancy, the Thunderhead Alliance, and other members of the America Bikes coalition have developed a common platform for the transportation bill reauthorization debate (RTC 2008). Among other things, they propose focused investments in urban networks of active transportation, something not provided by TE and RTP, which only focus on individual projects.

A distinct possibility with a new administration and the collapse of the highway trust fund is a fundamental overhaul of the transportation financing system in the United States. The prospect of a large government investment in infrastructure as part of an economic stimulus package adds yet another element to the already complex equation of transportation funding (Gotschi 2008). Current funding relies heavily on gasoline tax revenues that have fallen over time, in real terms, while construction costs have risen substantially. In September 2008, the DOT announced that the Federal Highway Trust Fund was bankrupt, crippling an important source of funding for many programs, including TE and RTP (Weiss 2008). Any new mix of funding strategies could change the level and distribution of transportation funds.

Some recent reports propose a complete overhaul of the DOT program structure. The National Surface Transportation Policy and Revenue Study Commission (2008), for example, released a congressionally mandated report providing recommendations for America's surface transportation system.<sup>7</sup> The study points out accountability flaws in ISTEA and SAFETEA-LU and presents a framework for increasing the size of the transportation budget and consolidating all DOT operations into 10 programs, rather than the current structure that encompasses 108 programs. Although the proposal focuses on improving public transportation and highlights environmental priorities, it is unclear how the missions of active transport presented in the TE and RTP programs would be achieved under the proposed reorganization (Gotschi 2008). However, it is notable that one of the ten categories focuses exclusively on improving access to

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<sup>7</sup> The report is entitled "Transportation for Tomorrow."

federal public lands, which would improve recreation access to federal parks, forests, wildlife refuges, and other public lands.

**Table 1. Project Funding for Transportation Enhancements and Recreational Trails Programs**

	<b>Transportation Enhancements</b>	<b>Recreational Trail Program</b>
<b>Impact</b>		
Program inception	Est. 1992 (ISTEA)	Est. 1992 (ISTEA)
Annual funding in FY2007	\$800 M	\$75 M
Total cumulative funding , 1992–2007 (inflation adjusted 2007\$)	\$11,800 M	\$800 M
Funds for recreation, 1992–2007* (inflation-adjusted 2007\$)	\$5,600 M (57% of total)	\$800 M (100% of total)
Number of projects**	14,000+	10,000+
<b>Administration</b>		
DOT program chain	FHWA → STP → TE → Bicycle/Pedestrian & Rail-Trail	FHWA → FH Trust Fund → RTP
Administering agency	State DOTs	State Departments of Parks/Natural Resources
Project justification	Surface transportation	Recreation
Permitted uses	Construction only (one-time)	Construction and maintenance
Federal share	Maximum 80%, average 70%	Maximum 80%, average 50%
Grant type	Reimbursement only	Reimbursement only
* This figure is the amount spent on the Bike/Pedestrian and Rail-Trail categories of TE spending.		
** This figure represents number of TE projects directly related to bicycle, pedestrian, and trail development.		

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## Abbreviations

DOT	Department of Transportation
FHWA	Federal Highway Administration
ISTEA	Intermodal Surface Transportation Efficiency Act
NTEC	National Transportation Enhancement Clearinghouse
NTPP	Nonmotorized Transportation Pilot Program
RTC	Rails-To-Trails Conservancy
RTP	Recreational Trails Program
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act- A Legacy for Users
SRTS	Safe Routes to Schools
STP	Surface Transportation Program
TE	Transportation Enhancements
TEA-21	Transportation Equity Act for the 21st Century