

# Policy Table | Policies for Transportation Mode Shift

To read the full report, see [Letting People Move](#)

**States can pursue a 5-pillar strategy to diversify transportation options:**



**1. Balance funding to support more freedom of transportation choices.**



**2. Connect climate goals and transportation planning.**



**3. Re-orient project planning, design & permitting to prioritize projects that reduce VMT, improve safety, improve transit, and serve disadvantaged communities.**



**4. Level the playing field by realigning incentives for individuals to use socially beneficial transportation options.**



**5. Transform institutional structures, culture & capacity to favor diversified transportation.**

## The following policy recommendations include opportunities for every level of government within each strategy.

Each policy is discussed in further detail on the linked policy documents, which also include excerpts from interviews with state-level advocates in key states to help illustrate and contextualize the policy goals.

To see more context about the research that led to these policies, see [Letting People Move](#).



### Strategy 1

#### Balance funding to support transportation choices

States and US DOT must infuse financial resources into transit systems, sidewalks, and bicycling infrastructure that have been chronically underfunded. They must also wean road expansion projects from the public balance sheet because these investments hamstringing fiscal responsibility, climate efforts, transit accessibility, and public safety goals.

Governments can either reallocate funds or identify new funding streams. If the majority of new highway construction dollars at all levels of government were diverted into other programs, this would free up roughly \$150 billion for other uses.

#### Policy Action

#### Details

##### 1A | Pause all highway expansion

All Levels

New road capacity is the [biggest source](#) of increasing transportation emissions. For any other policies to have a chance at decreasing overall emissions, states and MPOs need to pause future expansions and projects *already in the planning pipeline* to give time for reevaluation of priorities. This would make billions of dollars available for system maintenance and expansion of choice.

##### Example

In 1972, [Massachusetts Governor](#) Francis Sargent declared a moratorium on freeway construction inside Boston. When the [Los Angeles Metro recently canceled](#) the 710 Freeway project, the decision diverted \$225 million to transit and bike and pedestrian projects. In 2023, the [Welsh](#) government announced it would cancel all major road expansion projects.

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##### 1B | Balance formula funding

Congress

Current surface transportation formula funding heavily favors car infrastructure and funds mostly new construction while saddling states with operations and maintenance. Congress should allocate at least 50% of transportation funds to transit and active transportation and require most of the remaining highway/road dollars to go toward maintenance.

**Strategy 1** Balance funding to support transportation choices**Example**

Several European nations spend over 50% of their ground transportation budgets on rail.

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**1C | Invest in transit operations**

All Levels

State and federal governments should dramatically increase operations support for local agencies. In 1990s, the United States eliminated federal operating support for urbanized areas with populations over 200,000, leaving larger cities to find local and state funding to sustain operations. Even for smaller communities, federal operations funding does not sustain frequent, reliable service. New funding needs to be paired with service requirements to ensure that funds benefit current riders and increase ridership.

**Example**

The Stronger Communities through Better Transit Act proposes increasing federal operations funding for all transit agencies. In 2023, the Minnesota legislature approved a sales tax in the Twin Cities region to support transit operations and capital expenses.

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**1D | Flex highway funds**

US DOT

State DOT

MPO

Local

Congress should update flex funding rules: Institute one-way flexibility that prevents funds in pots earmarked for safety, transit, or carbon reduction from being moved into highway programs—while giving maximum flexibility for general-purpose highway funds, such that they can be used for transit.

State DOTs can proactively encourage and facilitate local governments and MPOs to take advantage of flex funding: Assign a flex funding liaison; provide incentives for local governments; and streamline and fast-track Statewide Transportation Improvement Program (STIP) amendments made for the purpose of flexing funds toward transit and active transportation.

Local governments can fill their MPOs' Transportation Improvement Programs (TIPs) with transit and bicycle/pedestrian projects and use flex funding to finance them.

**Example**

California flexed 20% of its STBG funds to transit during the fiscal years 2021 through 2023. In 2024, Pennsylvania used flex funding as an emergency measure to prevent transit service cuts for the Southeastern Pennsylvania Transportation Authority, and this is not the first time the state had used this strategy.

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**Strategy 1** Balance funding to support transportation choices**1E | Create new funding streams**

All Levels

Local, regional, state, and federal governments can all pursue strategies to create new funding streams for diversified transportation. Without robust federal funding for transit, states with greater transit ambitions have pursued a variety of funding mechanisms.

**Example**

Colorado funds transit with fees on rental cars and oil/gas extraction. Illinois pays for active transportation projects with gas tax revenues and registration fees; Washington has a cap-and-invest system. Voters in a California county approved a \$10 vehicle registration fee that funds paratransit and transit for seniors.

[READ MORE](#) →**1F | Convert the highway trust fund into a diversified transportation fund**

Congress

State Legislature

Congress must transform the highway trust fund into a diversified transportation fund, limit spending on highway expansion, and shift from a gas tax to a road user fee. A road user fee would charge all vehicle users a mileage-based fee instead of a gas tax, maintaining revenue even as the percentage of electric vehicles increases.

**Example**

States including Nevada, Oregon, and Utah have all created voluntary or pilot programs to test or study the collection of mileage fees.

[READ MORE](#) →**1G | Allow use of gas tax funds for diverse transportation**

State Legislature

State legislatures should relax or remove constitutional or legislative barriers that prevent state fuel taxes from being used for other nonhighway transportation.

**Examples**

Texas, Oregon, and Minnesota are all states that have constitutional restrictions on the use of fuel taxes. The Texas Constitution says that "Revenue transferred to the state highway fund under this subsection may be used only for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads."

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## Strategy 2

### Connect climate goals and transportation planning

Some states have passed strong GHG emission targets. These aspirational goals often do not require specific changes in policy that would help meet the target. When it comes to transportation planning, state DOTs and MPOs have generally continued to operate without consideration for induced vehicle trips or their associated emissions. Policymakers need to adopt new rules to unify transportation and climate goals.

#### Policy Action

#### Details

##### 2A | Enact GHG performance measures

State DOT.

State Legislature.

In 2023, the US DOT released a [rule](#) that added GHGs to the list of performance measures that state DOTs are required to track; the rule required state authorities to set declining targets to reduce GHG emissions associated with transportation and measure progress toward meeting them. Although a federal court has since overturned this rule, states have the opportunity to voluntarily comply.

##### Examples

States including Connecticut, Hawaii, and Washington have [voluntarily enacted GHG or VMT reporting measures](#) in recent years.

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##### 2B | Require that projects meet VMT or GHG reduction and mitigation requirements

State Legislature.

Each state can pass legislation requiring MPO plans to meet declining VMT or GHG reduction targets. **Timing is key.** These policies should apply the targets to long-term plans, short-term programming, and projects already in the planning pipeline. and include a moratorium on road/highway expansions to prevent a lag time between passage and implementation from causing irreversible emissions.

##### For legislation allowing mitigation in exchange for highway expansion, consider:

- This leaves open the possibility for continued growth of road capacity and induced travel. A stronger policy framework would delay expansion until alternatives had been implemented and evaluated.
- Project sponsors must identify mitigation funding that does not steal from pre-existing funds for low carbon transportation.
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**Strategy 2** Connect climate goals and transportation planning

- Require any needed highway capacity project to show life cycle maintenance costs are fully accounted for before commencing the project.
- Mandate that state DOTs demonstrate that the trips served by a highway capacity project would not better be served by investment in transit, active transportation, or transportation demand management.

**Example**

In 2008, California passed an early flawed version of this concept in [SB 375](#). In 2021 Colorado adopted a [rule](#) that requires the state DOT and its MPOs to create transportation plans that provide more mode choices and reduce emissions or fund mitigation measures such as construction of bike lanes, public transit, and electric vehicle chargers. In 2023, Minnesota passed a similar [law](#). Several other states have active legislation underway.

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## Strategy 3

### Reorient project planning, design and permitting

Any road or transit project moves through a sequence of design, administrative, and regulatory steps to get from concept to funding to implementation. These processes continue to favor cars, whether by raising barriers to transit projects or streamlining road projects. The next evolution of the DOT must break this inertia by intentionally redesigning processes to achieve diversified transportation that gets people out of cars rather than urging people into them.

#### Policy Action

#### Details

##### 3A | Reform state and federal permitting

Congress

US DOT

State Legislature

Federal and state governments need to review and streamline permitting processes to accelerate zero-emissions transportation projects. This can include reforming the environmental review process to use VMT as a measure of impact; offering faster permitting routes for transit; reducing the financial risk threshold applied to transit agencies seeking capital funds; and improving coordination between agencies.

##### Example

California's [SB 743](#) required the state's environmental review of transportation projects switch from level-of-service (LOS) to VMT criteria when evaluating impact. California's [AB 2503](#) exempts rail electrification projects from state environmental review. Montreal's Réseau express métropolitain rail project moved more [efficiently](#) through permitting and construction due to a [law](#) that granted the project a streamlined permitting process.

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##### 3B | Modernize US DOT project planning and design guidance

US DOT

State DOT

MPO

Planning tools and standards need to account for the full impact of car travel. The DOT can eliminate LOS as a performance metric; require multimodal performance metrics; improve the Manual on Uniform Traffic Control Devices (MUTCD); and require modeling techniques that account for induced travel, accurately factor in active transportation modes and transit opportunities, and allow for human behavior to guide mode shift.

##### Example

Several institutions have experimented with alternate ways of evaluating road function for people using multiple modes: [Florida DOT](#) has created a handbook for measuring multimodal level of service; San Francisco Department of Public Health created a Bicycle Environmental Quality Index and [Pedestrian Environmental Quality Index](#); and in Virginia, Fairfax County's DOT created a [Comprehensive Transportation Analysis tool](#) that better accounts for multimodal travel.

[READ MORE](#) →

**Strategy 3** Reorient project planning, design and permitting**3C | Improve DOT competitive grant process**

Congress

US DOT

Many communities spend precious resources competing for limited discretionary funds and end up receiving nothing. At a base level, the US DOT should simplify the application process to give less-resourced communities a lower-risk path to requesting funds. But to more equitably distribute these funds and allow communities more predictable funding streams, Congress should shift the more popular competitive grant categories (such as Safe Streets for All and Thriving Communities) into formula funding so that local communities can rely on these resources.

[READ MORE](#) →**3D | Incentivize states to prioritize maintenance and transit over highway expansions**

Congress

US DOT

To shift infrastructure investment practices, federal and state governments can use carrots by enacting incentives—like increased funding—for jurisdictions that meet designated targets, such as fix-it-first before adding capacity; reduce VMT; improve transit access; and improve transit service. Policymakers should pair incentives with transparency measures to ensure good data tracking and reporting.

[READ MORE](#) →**3E | Increase transparency**

US DOT

State DOT

MPO

Increasing publicly available information can hold state DOTs accountable for aligning transportation planning with climate, equity, safety, and community goals. Foundational transparency policies make other changes possible by daylighting current practices and outcomes. The US DOT could apply requirements to state DOTs, or state DOTs could apply them to their MPOs. Reporting could be mandatory or tied to funding. Reporting measures could include the state of good repair; excess road capacity; percentage of funds going to highway and road widening; VMT trends; and GHG emissions. The US DOT should also require a standardized format for STIPs and TIPs.

**Example**

Minnesota's [Performance Measure Dashboard](#) provides data in dozens of categories, including GHG emissions, VMT per capita, and job accessibility by transit. In 2025, California published five years of data on [highway lane mile expansions](#), as a result of legislation [SB 695](#) requiring greater transparency. Missouri DOT's [Tracker](#) offers another good example of transparency across a variety of measures, although it does not include VMT or GHG.

[READ MORE](#) →



**Strategy 3** Reorient project planning, design and permitting**3F | Guide project planning at state level**

State DOT

State Legislature

States should be proactive about facilitating a coherent project selection process that prioritizes diverse transportation options. DOTs need to create a firewall between project selection and politics by requiring and enforcing a performance-based process that ranks projects based on project outcomes. States should pair project selection criteria with transparency measures for accountability and improved multimodal performance metrics to ensure road projects are not evaluated on a curve.

**Example**

Virginia's SMART SCALE, created through legislation in 2016, scores projects on a weighted scale that includes assessments of safety, congestion mitigation, accessibility, environmental quality, economic development, and land use.

[READ MORE](#) →**3G | Guide project planning at the local level**

MPO

Local

Local planning agencies hold a great deal of control over transportation planning and outcomes. Many of the policies recommended in this report can be implemented independently in some form at the local level. One important policy to implement is the use of a scoring rubric to guide project selection on performance criteria that include climate, safety and equity.

**Example**

The MPO for the San Francisco Bay Area, uses a project performance assessment that predicts costs and benefits under multiple scenarios.

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## Strategy 4

### Level the playing field: realign the incentives

In most US towns and cities, people are incentivized to drive due to decades of policy and funding decisions that tilt the playing field toward cars as the default transportation choice. Although the most significant incentive to drive may be the built environment, this strategy targets incentives that fall outside of the physical infrastructure. Every level of government has a responsibility to rebalance transportation options to incentivize modes that have greater social benefit and allow people the freedom to choose.

#### Policy Action

#### Details

##### 4A | Enact local interventions to balance incentives

Local

Local governments can pass a range of policies to make it relatively easier to get around without a car, including eliminating parking minimums and creating low-traffic zones. Federal and state governments can encourage and incentivize these policies by issuing guidance and making grant funding contingent on having certain policies in place.

##### Examples

At least 85 cities in the United States have eliminated parking minimums for development. California eliminated parking requirements near transit statewide. The city of Boston has for decades successfully placed restrictions on vehicle traffic within the downtown commercial district known as Downtown Crossing.

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##### 4B | Close tax loopholes and create new tax incentives to reward people using modes with lesser impact.

Congress

State Legislature

Important tax code improvements include 1) extending refundable tax credits to households with zero registered vehicles; 2) eliminating the mortgage interest tax deduction or revising the tax code to privilege renters and homeowners equally to reduce car-dependent urban sprawl; and 3) eliminating tax loopholes and deductions for vehicle depreciation and business use of vehicles, and eliminating the favorable treatment of SUVs and larger vehicles under the tax code.

##### Example

In 2022 the California legislature passed SB 457, which would have issued tax credits to car-free households. The governor vetoed it, citing financial concerns. Indiana allows renters to deduct up to \$3,000 if the rental property is their principal residence and subject to property tax. New Jersey extends property tax deduction to eligible renters, allowing up to 18% percent of rent paid to be considered property tax.<sup>1</sup>

[READ MORE](#) →

<sup>1</sup> "Property Tax Deduction/Credit for Homeowners and Renters," New Jersey Treasury, Division of Taxation, last modified March 6, 2025, <https://www.nj.gov/treasury/taxation/njit35.shtml>.

**Strategy 4** Level the playing field: realign the incentives**4C | Pass standards and incentives to reduce vehicle size and increase safety.**

Congress

State Legislature

The federal government must regulate and incentivize safe vehicle size—not only for direct emissions reductions and road maintenance but also to ensure a safer street environment where pedestrians and bicyclists can comfortably move around with lower risk. Smaller, lighter vehicles, along with appropriate street design and reduced vehicle speeds, will give people greater confidence to walk and bike for short trips around town.

**Example**

Washington, D.C., began weight-based fees in 2023, with a four-tiered payment scale ranging from \$72 to \$500 per vehicle. The same year, California's AB 251 directed the California Transportation Commission to study the costs and benefits of a weight-based passenger vehicle fee.

[READ MORE](#) →**4D | Reduce noninfrastructural barriers to bike and pedestrian safety.**

All Levels

States and the federal government should consider a package of reforms to mend the inhospitable nature of the country's roads, laws, and culture when it comes to protecting and enabling bicyclists and pedestrians. Meaningful reform would include: 1) Traffic law reform to decriminalize jaywalking, increase penalties for unsafe drivers, update rules to protect people and give bicyclists greater flexibility; 2) reduced speed limits, including eliminating the 85th percentile rule and allowing municipalities to set lower speed limits as they see fit for safety; and 3) Department of Motor Vehicle driver education reform to protect bicyclists and pedestrians on shared streets.

**Example**

Madrid, Spain, passed a package of bicycle laws in a 2018 ordinance that gives bikes greater prominence and protection in city traffic laws.

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## Strategy 5

### Transform institutional structures and culture

At every level of government, there are opportunities to disrupt patterns of automobile-centric planning and road expansion by shifting staff balances and introducing new leadership and workplace accountability.

#### Policy Action

#### Level of Government

##### 5A | Revamp federal structures and culture

Congress

US DOT

The US DOT could make immediate changes through leadership decisions and shifting internal resources to address gaps. Top appointed officials need to fill leadership positions with individuals who do not come from a highway background and are committed to establishing culture, procedures, and accountability measures. There is an opportunity to shift the balance of staff resources within the FHWA by allocating greater numbers to provide technical support and process streamlining to transit and active transportation projects

In the next surface transportation reauthorization, Congress can create a new architecture to facilitate transportation projects that prioritize people and climate. This would include placing the FTA and a restructured FHWA under a new Federal Mobility Agency and creating a new bureau of engineers and planners that would act as a public consulting firm to help deliver transit and intercity projects more quickly and cheaply.

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##### 5B | Revamp state structures & culture

State DOT

Typically, a governor appoints a DOT executive and public pressure on the governor is the primary pathway for public accountability. As one moves down the organizational chart, staff become even less accountable to the public. Some measures that state DOTs can take to improve public oversight and ensure staff operate in line with the agency's publicly stated goals include:

- Establishing public advisory boards to evaluate DOT performance in meeting its state-mandated targets can help ensure DOT leadership is in step with public opinion and community needs;
- Initiating training and evaluation to move staff out of the highway-oriented habits and reinforce practices that lead to greater community participation and people-first focus;

**Strategy 5** Transform institutional structures and culture

- Increasing collaboration across staff divisions so road practitioners are not siloed from bike, pedestrian, and transit planners and vice versa.

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**5C | Support  
Municipal  
consolidation  
and/or resource  
sharing**

Congress

State Legislature

MPO

Local

Metropolitan areas in the United States tend to be governed by dozens, if not hundreds, of separate local governments. This can create coordination issues and impede effective regional planning, particularly when opportunities for “resource hoarding” exist. This type of municipal fragmentation has been a durable mechanism to maintain segregation by race and class in the United States. Different levels of government could reach agreements or set incentives or requirements for local government consolidations that could help reverse these extreme fragmentations of local governance at the regional level.

**Example**

Municipalities in Canada and Europe are generally more beholden to larger planning frameworks that other levels of government develop and enforce, which help mitigate resource hoarding,

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**5D | Require MPOs  
to enact  
proportional  
representation**

Congress

State Legislature

MPO

MPO decisions often undervalue input from constituents who would benefit from transit and active transportation investments. In many cases, each city in the metropolitan region gets one vote on any issue that comes before the board, with small and large cities getting equal weight. This means that residents of larger cities have less representation per capita. Because denser, bigger cities often rely on public transit more, this inequity often leads to reduced investment in public transit and increased investment in highways. MPO proportional representation can be achieved through weighted voting structures or greater board membership for larger municipalities. A DOT survey published in 2017 found that only 13% of MPOs (36 of 276) reported having an option for a weighted voting structure, and some of those had never used it.

**Example**

In 2017, the California Legislature passed AB 805, which gave San Diego MPO board members the ability to invoke a weighted vote if a measure fails to pass with the tally vote.

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## Other policy areas

Numerous other policies can help offer people better options to move around without a car, whether by improving street safety, increasing transit efficacy and ridership, or building more compact walkable cities. Although the topics below are not the focus of this report, they are worthy of more attention and consideration.

### **Some important priorities include:**

- Providing funding and policy support to increase intercity travel options, including intercity rail and bus; this will include addressing problems with Class I freight rail operators that interfere with passenger rail service.
- Expanding support for rural transit and public ride-sharing programs.
- Supporting transit safety ambassadors, the return of small-scale commerce at transit stops, and other nonpolicing methods for improving safety onboard transit vehicles and at transit stations.
- Supporting the transit workforce:
  - investing in workforce development to increase transit workers, active transportation maintenance, and planners
  - ensuring good pay, benefits, and working conditions along with collective bargaining
  - prioritizing and funding worker safety measures
- Zoning and land use (facilitating built environments that increase transportation options)
  - transportation-land use coordination; land use policy that favors density and mixed uses
  - parking and land use efficiency at transit stations, including using publicly owned land at stations to build social housing
  - grants for localities contingent on updated zoning to allow multifamily dwellings near to transit
  - accessory dwelling units permitting reform
  - by right zoning

## Glossary of terms

**DOT, Department of Transportation:** This can refer to the United States Department of Transportation (US DOT) or the Department of Transportation of any state.

**FHWA, Federal Highway Administration:** This agency is within US DOT and supports state and local governments in highway development, maintenance, and upkeep. The FHWA administers the largest formula grant programs that deliver surface transportation dollars to states. States can also choose to use many of the FHWA program funds to support pedestrian, bicycling and transit infrastructure projects.

**Formula Grant:** This is a type of federal funding that is awarded based on a set formula that Congress determines rather than through a competitive process. Formulas typically use population and the past year's apportionments to calculate a state's grant award.

**GHG, Greenhouse gas emissions:** These emissions contribute to changes of the Earth's atmosphere, which has led to the current climate crisis. Burning of gasoline in the transportation sector is one of the primary contributors to GHG emissions.

**Highway Trust Fund:** Congress established this fund in 1956 as a "mechanism to finance an accelerated highway program," which collects revenue through gas taxes and distributes revenue for highway spending. General fund infusions have kept the fund afloat for many years.

**IJA, Infrastructure Investment and Jobs Act:** This 2021 US federal statute invested hundreds of billions of dollars into infrastructure.

**LOS, Level of Service:** This qualitative measure defines how well motor vehicle traffic flows on a roadway. LOS has become an influential metric that guides urban design to prioritize automotive efficiency of movement over other potential goals such as public health.

**LRTP, Long range transportation plan:** Congress requires Metropolitan Planning Organizations to create these plans to reflect a region's transportation needs and infrastructure plans, typically with a 20-year time horizon and updated every four years.

**MPO, Metropolitan Planning Organization:** These organizations do regional planning and policymaking in the United States. Under the Federal Highway Aid Act of 1962, urbanized areas of more than 50,000 people must have an MPO.

**MTP, Metropolitan Transportation Plan:** MPOs make this plan for transportation infrastructure. The plan must identify how the agency will develop and operate a multimodal transportation system.

**MUTCD, Manual on Uniform Traffic Control Devices:** This defines the standards that road planners and managers use to design, install and maintain traffic control devices, such as road signs and markings.

**STIP, Statewide Transportation Improvement Program:** Each state is required to develop a plan for transportation improvements across the state, covering at least four years. This includes the transportation projects planned by the state as well as a compilation of every MPO's short-range transportation plans.

**TIP, Transportation Improvement Program:** This is also known as a region's short-range transportation plan. Each MPO is required to develop a list of upcoming transportation projects for over four years. The MPOs submit their plans to the governor for approval and they are incorporated into the STIP.

**VMТ, Vehicle miles traveled:** This refers to the total distance that vehicles drive.

# Resources

## **Innovative DOT Handbook**

State Smart Transportation Initiative

## **Know Your State**

State Smart Transportation Initiative

## **Connecting the DOTs: A survey of state transportation planning, investment, and accountability practices**

Brookings Institute

## **Driving Emissions Reduction through Project Prioritization: Insights for State Departments of Transportation**

American Council for an Energy-Efficient Economy

## **The Innovative MPO: Smart Planning, Strong Communities – A guidebook for metropolitan transportation planning**

Transportation for America

## **How are transportation dollars flowing in your state? State-by-State Flex Funding Comparison Tool**

Climate and Community Institute

## **The State of the System: Tracking transportation data**

(interactive State of the System data hub)

Transportation for America