

Bridging the Gap for Surface Transportation:

Why Counties Need a Stronger Federal Investment Partnership

Surface Transportation Reauthorization Is Critical for the Nation's Infrastructure

America's surface transportation system connects our communities and powers the national economy, yet its roads face a \$684 billion funding gap over the next decade.¹ Counties own and maintain 44% of public roads and 38% of bridges, infrastructure essential not only for daily travel but also for economic competitiveness, national security and quality of life. As supply chains grow more complex and freight movement increases, our roads are carrying more traffic and heavier loads than ever before. Yet as demands grow and construction costs skyrocket, this locally owned infrastructure is deteriorating rapidly.

Despite the central role counties play in transportation, we remain structurally disadvantaged in accessing infrastructure funding. **Although counties own 28% of federal-aid highway miles, states direct only about 14% of transportation funding to local governments overall, including counties, cities and towns.**² Counties also face disadvantages in purchasing

materials and competing for labor, as states often benefit from larger federal subsidies and purchasing power. Overall, just 6.2% of total local government revenue comes directly from the federal government.³

This imbalance is worsening as infrastructure needs outpace available revenue and construction costs continue to rise. **Nearly 40% of major U.S. roads are in poor or mediocre condition,⁴ and over 40,000 bridges are structurally deficient.**⁵ Driving on deteriorated, congested roads costs the average driver more than \$1,400 annually in vehicle operating costs and lost time,⁶ while inadequate roadway safety contributes to at least one-third of fatal crashes.⁷

Counties cannot address this challenge alone. **In 40 states, counties face significant state-imposed fiscal constraints that limit our ability to raise revenue when state and federal funding falls short.**⁸ Congress must act to restore balance and ensure counties have the resources to keep America moving safely and efficiently.

NACo's Ask: Counties Cannot Close the Gap Alone

A modern, balanced and reliable federal investment strategy is essential to ensure safe travel, economic stability and long-term resilience. Congress must provide counties with the necessary tools and resources:



Increase federal investment in county-owned roads and bridges — counties maintain nearly half of America's public roads but receive only a small share of federal formula transportation funding. Congress must increase the share of formula funds available for local use from 15% to 25%.



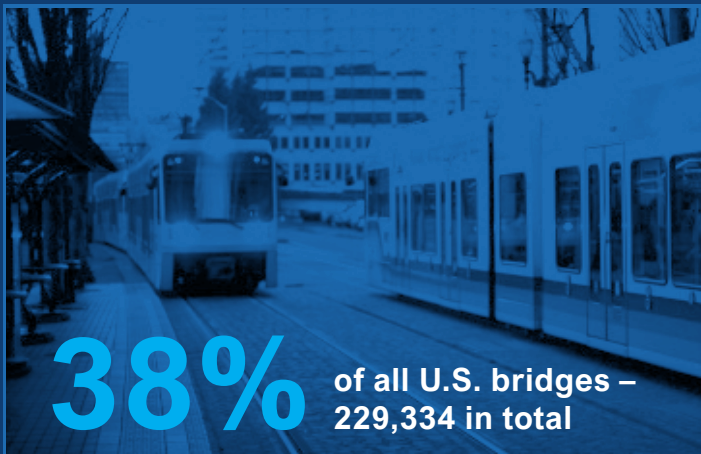
Simplify and accelerate access to federal grants — discretionary grants are vital, but administrative burdens limit their effectiveness. Congress should preserve these programs while making them easier to apply for and implement.



Improve planning and project delivery — counties often rely on metropolitan planning organizations (MPOs) and rural/regional transportation planning organizations (RTPOs) to implement federal dollars. Congress must strengthen planning and project selection to ensure that counties can access intended funding.

By the Numbers

Counties need federal support to help close the nation's \$684 billion roadway funding gap.



Infrastructure Conditions and Safety Risks are Worsening

Nearly **40% of roads** are in poor or mediocre condition

Over **40,000 bridges** are structurally deficient

40,990 traffic fatalities in 2023 (47% on rural roads), up 24% over the past decade



Funding Has Not Kept Pace With County Responsibilities

Counties own **28% of federal-aid highway miles**, but only 14% of state-controlled transportation funding is directed to local governments

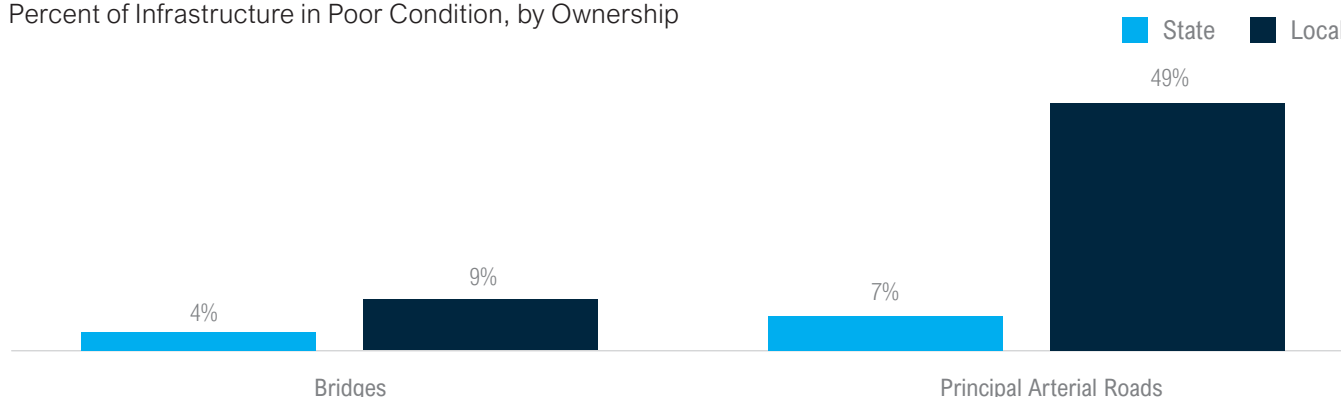


America's Surface Transportation Infrastructure Is Deteriorating and Unsafe

Roads and bridges across the nation are at a breaking point: nearly 40% of roads nationwide are in poor or mediocre condition,⁹ reflecting years of underinvestment. The condition of locally owned infrastructure is even more concerning, as local governments receive far less federal support than state-owned systems, resulting in consistently worse conditions. About half (49%) of locally owned principal arterial roads, America's major roadways, are in poor condition, compared to just 7% of similar state-owned roads.¹⁰

Locally Owned Roads and Bridges are in Worse Condition Than State Infrastructure

Percent of Infrastructure in Poor Condition, by Ownership



Source: NACo Analysis of U.S. Department of Transportation - Federal Highway Administration, National Bridge Inventory (2025) and Brookings Institution analysis of FHWA roadway data.

The struggling condition of America's locally owned infrastructure has real consequences for the economy. Closed bridges and deteriorating roads lead to detours and delays that slow supply chains and create escalating impacts across industries. Failing infrastructure also imposes real costs on everyday drivers, causing an estimated \$167 billion a year — or \$725 per driver on average — in additional repairs, accelerated vehicle depreciation and increased fuel consumption and tire wear.¹¹

Nearly 50% of locally-owned principal arterial roads are in poor condition, compared to just 7% of state-owned roads.

America's deteriorating roads and bridges are not just an economic inconvenience; they are a safety crisis. Each day, there are 168.5 million crossings on more than 42,000 bridges rated in poor condition.¹² **Around 40,000 people die annually on U.S. roads**, with inadequate roadway safety features contributing to roughly one-third of fatal crashes.¹³ These concerns are especially acute in rural areas, which account for 47% of traffic fatalities despite being home to only 19% of Americans.¹⁴ Together, these figures make clear that infrastructure improvements are essential not only to lower costs for American workers and businesses but also to protect lives nationwide.

County Infrastructure Supports Daily Life and Powers the American Economy

Counties are an essential link in America's transportation network, **owning over 1.8 million miles of roads**, more than any other level of government, **and more than 229,000 of the nation's bridges**.¹⁵

Reliable transportation infrastructure is the foundation of American economic life — connecting communities, enabling emergency response and sustaining the supply chains, industries and daily activities on which growth and competitiveness depend. County-owned roads and bridges are at the center of this network, carrying freight, supporting agriculture and manufacturing and connecting workers to jobs. **Nearly 63 million jobs in key industries like tourism, retail sales, agriculture and manufacturing are completely dependent on the nation's transportation network.**¹⁶ County-owned infrastructure also supports emerging industries critical to national competitiveness, including energy development, AI data infrastructure, advanced manufacturing and agricultural production. As these sectors grow, reliable roads and bridges are essential to connect rural communities, production sites and national markets.

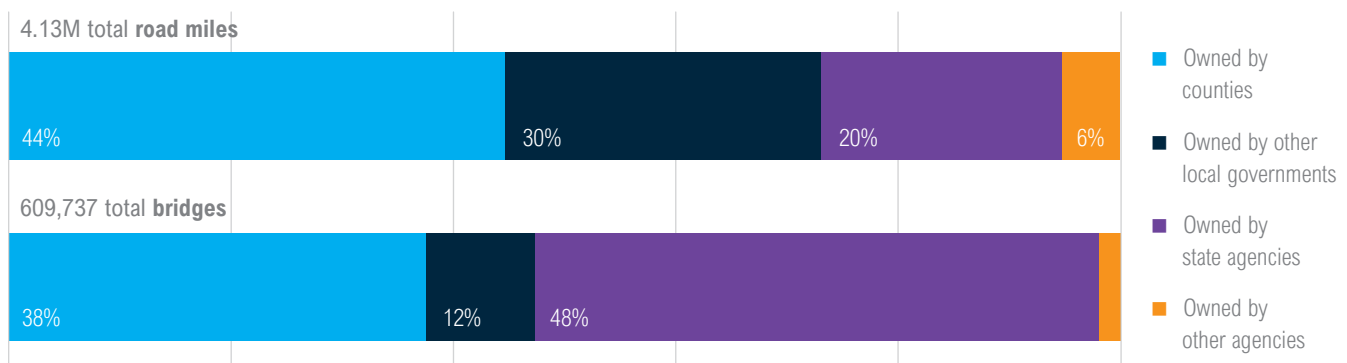
Counties invest \$60.2 billion annually in transportation and \$146 billion in infrastructure overall,¹⁷ yet local governments receive only about 14% of transportation funding distributed by states. As a result, counties often rely on municipal bonds and limited local fuel taxes to fund critical projects. With state and local municipal bond debt now totaling \$4.4 trillion,¹⁸ much of America's infrastructure is financed through debt rather than sustained federal investment.

Counties will continue investing to keep people and goods moving safely, but stronger federal partnership and increased investment are essential to maintain and modernize America's transportation system.

Counties own more public road miles than any other level of government.

Counties Own and Maintain a Significant Portion of America's Roads and Bridges

Ownership of Road Miles and Bridges within America's Counties



Source: U.S. Department of Transportation - Federal Highway Administration, 2023 Highway Performance and 2024 National Bridge Inventory

Costs are Rising and Straining County Budgets

The increasing use of transportation infrastructure, combined with growing vehicle sizes and weights, is placing significant strain on our transportation system, especially in counties. Meanwhile, the cost of maintenance and repair is increasing dramatically.

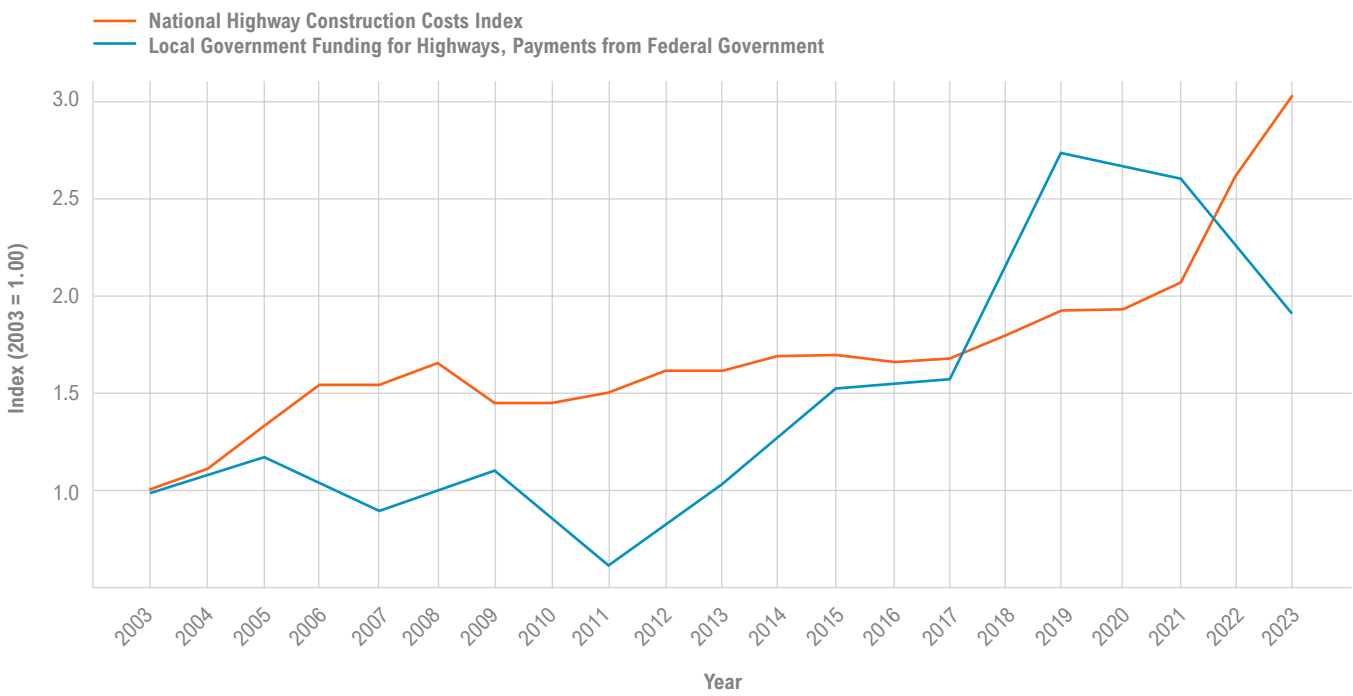
Rising construction costs are a central and growing pressure on the infrastructure funding equation. Maintaining infrastructure is now substantially more expensive than it was a decade ago due to rapid price increases across the construction sector. Between February 2020 and late 2023, **overall construction input prices rose by nearly 40%**, driven by higher costs for concrete and diesel fuel used to operate heavy machinery and inflation.¹⁹ **More specifically, highway**

construction costs have increased by about 73% since 2021.²⁰ Diesel fuel prices have also surged multiple times, remaining over \$3 per gallon since the start of the COVID-19 pandemic.²¹

In Washington County, Iowa, the cost per mile of a road paving project nearly doubled (\$495,919 to \$893,191) between 2018 and 2026.²²

Rising Highway Construction Costs are Outpacing Federal Investment in Local Roads

Highway Construction Costs vs. Federal Payments to Local Governments for Highways, 2003–2023 (Indexed to 2003)



Source: NACo Analysis of the Federal Highway Administration's National Highway Construction Cost Index (NHCCI) and Highway Statistics Series Local Government Funding for Highways (Table LGF-2)

These rising costs are further compounded by structural disadvantages local governments face relative to states in purchasing materials and accessing labor.²³ State departments of transportation, which receive the vast majority of federal funding,²⁴ have larger project pipelines, more dedicated engineering staff and greater flexibility to secure materials and labor at scale. Conversely, smaller and rural counties face greater cost pressures and steeper administrative burdens in delivering infrastructure projects,²⁵ even as counties collectively maintain 44% of the nation's public road miles. Addressing these structural disadvantages requires more direct federal investment in locally owned infrastructure.

In addition, in July of 2025, Americans traveled more vehicle miles in one month than ever before, over 297 billion miles total. The weight of vehicles is growing, too: **in 2025 alone, at least three states enacted legislation to raise maximum truck weights for specific goods on non-federal highways**, and many additional states either already allow exceptions to the federal 80,000-pound limit or have introduced legislation to do

so.²⁶ These changes are meant to increase economic competitiveness between states and with our neighboring countries; however, heavier trucks will continue to damage roads, reduce our transportation capacity and, ultimately, undermine our economic strength unless our infrastructure investment keeps pace. The increased adoption of electric vehicles has also expedited this trend, as they weigh more than their internal combustion engine (ICE) counterparts.²⁷ Heavier vehicles cause more frequent and destructive wear on already deteriorating infrastructure, and as they become more frequent and roads continue to age, maintenance costs are increasing.

As county infrastructure responsibilities grow and maintenance costs rise, consistent federal investment in local governments is essential — a trend that has not materialized over the past two decades. **Reliable funding, efficient grant access and strong federal, state and local partnerships will help counties maintain safe roads, support communities and strengthen local economies.**

“Aging infrastructure systems are increasingly vulnerable to natural disasters and extreme weather events, creating unexpected and often avoidable risks to public safety and disrupting economic activity, ultimately hampering U.S. global competitiveness.” - American Society of Civil Engineers ²⁸

Federal Funding and State Constraints Limit County Investment

Counties are responsible for maintaining nearly half of the nation's public road miles and a significant share of its bridges, yet the transportation funding system does not reflect this reality. Most federal transportation dollars are distributed to states, leaving counties dependent on state-level decisions to access critical infrastructure funding. **Local governments receive, on average, only about 14% of transportation funding distributed by states, despite owning and maintaining 75% of public roads.**²⁹ As a result, counties are expected to maintain a substantial share of the nation's transportation infrastructure without direct access to a proportional share of transportation funding.

This imbalance is driven in part by the structure of federal transportation programs. Federal formula funding does not provide direct, guaranteed investments to county governments for locally owned roads and bridges. Instead, more than 90% of federal transportation funds flow via formula to state departments of transportation, requiring counties to rely on state-level suballocations or compete for a limited share of discretionary funding.³⁰

“Just a few short years ago in Converse County we could rebuild and pave a road for a million a mile. Our last project was just over \$1.7M a mile. How do we keep our roads in good shape with rising costs and flat revenue?”

- Commissioner, Converse County, Wyo.

Some argue that counties and other local governments should have limited access to federal funding because federal funds should be limited to infrastructure with an immediate federal nexus. **However, this argument fails to account for the fact that local governments own 43% of federal-aid highway miles, with counties in particular accounting for 28%.**³¹

Despite this responsibility, local governments receive a disproportionately small share of transportation funding distributed by states.³²

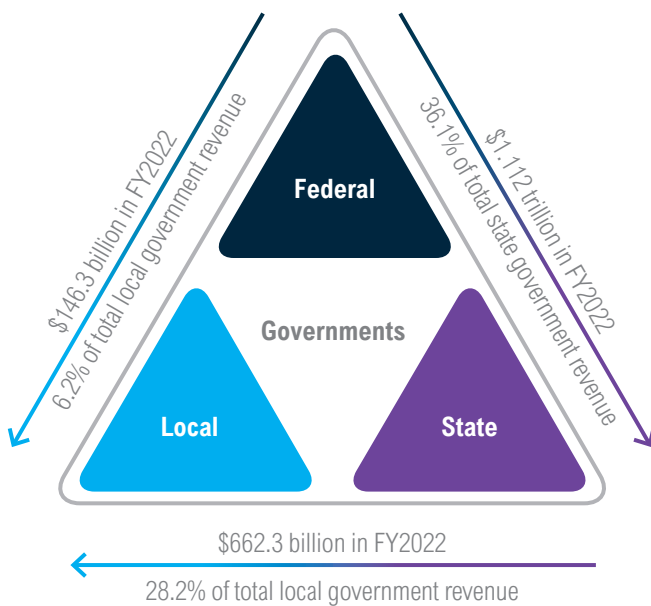
As federal transportation revenues stagnate and construction costs rise, the gap between available funding and infrastructure needs continues to widen, leaving fewer resources for states to invest in local infrastructure and support counties. As a result, the real value of federal transportation investments has declined, and despite recent increases in nominal funding, the inflation-adjusted purchasing power of federal transportation funding remains below historical levels.³³

This imbalance extends beyond transportation funding. In FY 2022, **federal funding accounted for just 6.2% of total local government revenue, compared to 36.1% for states,** leaving counties far more reliant on limited local revenue sources to meet growing service, infrastructure and operational demands.³⁴

As infrastructure costs continue to rise, local governments receive a far smaller share of federal funding than states, limiting their ability to keep pace with growing transportation needs. Counties also lack the authority to generate sufficient revenue to close this gap. State laws

Local Governments Receive a Much Smaller Share of Federal Funding Than States

Federal Funds to State and Local Governments, FY2022



Source: Adapted from Dilger, R. J. Congressional Research Service, *Federal Grants to State and Local Governments: Trends and Issues* (R40638), June 26, 2025. <https://www.congress.gov/crs-product/R40638>

Federal funding makes up just 6% of local government revenue, compared to 36% for states. Local governments receive a significantly smaller share of federal funding than states, despite their central role in delivering infrastructure and other critical services.

define the scope of county fiscal authority, including the types of taxes counties can levy, the amount of revenue they can raise, and the rate at which it can grow.³⁵ **Forty states across the nation impose significant limits on county revenue authority** including caps on property tax rates, restrictions on sales taxes and limitations on revenue growth.³⁶ At the same time, counties are required to deliver a wide range of services mandated by state and federal governments, often without adequate funding.³⁷ As a result, counties must operate within both federal funding constraints and state-imposed fiscal limits, even as local responsibilities continue to expand.

Taken together, these dynamics create a structural mismatch between responsibility and resources. Counties are expected to maintain and improve critical infrastructure systems but face both limited federal investment and restricted fiscal flexibility at the state level. **In all, the nation faces a \$684 billion funding gap for roads over the next decade.**³⁸ As costs continue to rise, counties are left with difficult choices: delay projects, defer maintenance or shift more costs to local taxpayers.

Without a stronger, more direct federal partnership, infrastructure will continue to fall behind as transportation needs grow, costs rise and safety risks intensify.

Bottom Line

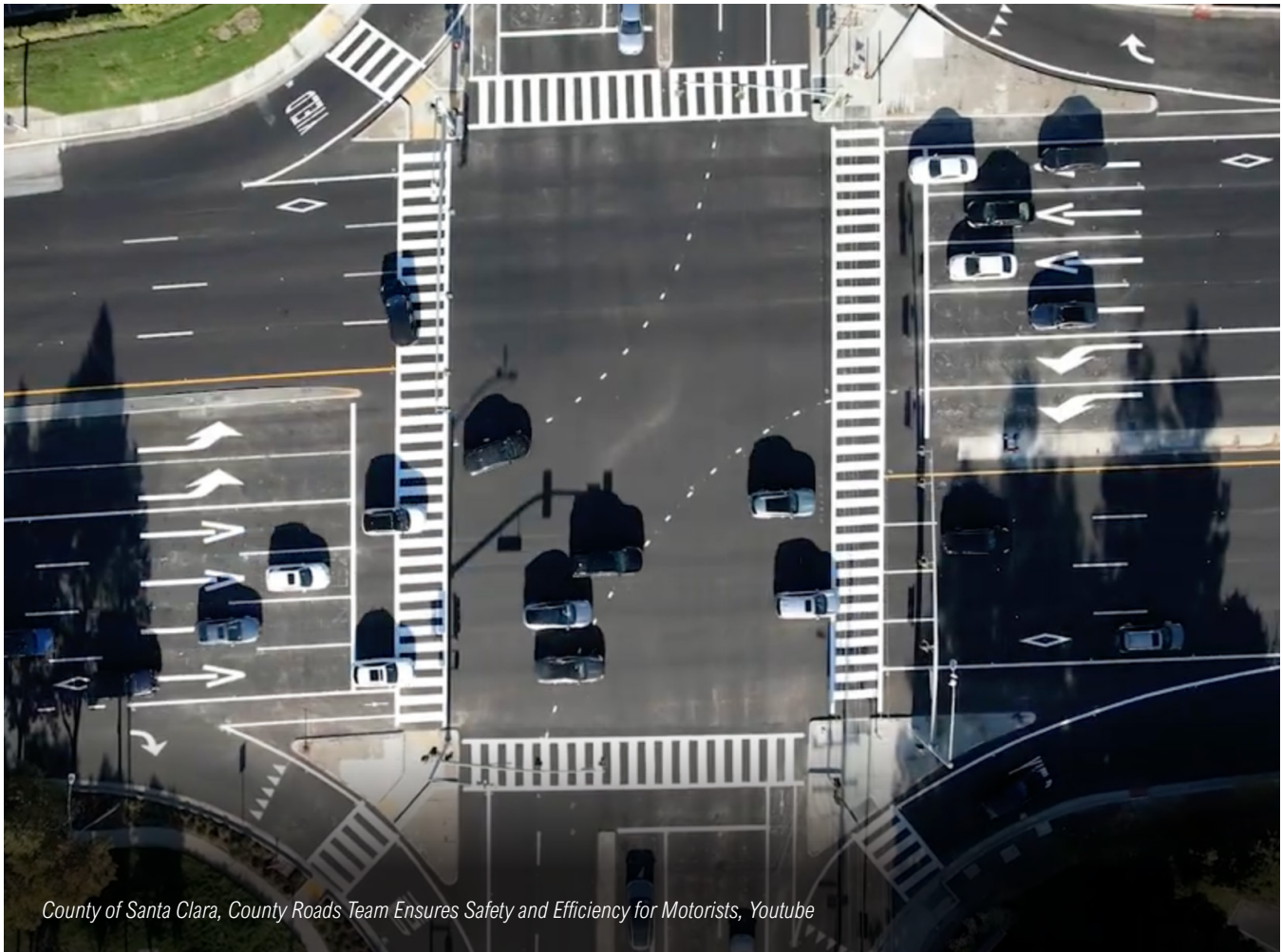
Counties are responsible for maintaining much of the transportation systems that keep America moving, but the current transportation funding structure does not match those responsibilities. The combination of rising construction costs, state-imposed fiscal constraints and growing infrastructure demands has created a widening gap between what counties are expected to maintain and what they have the resources to sustain.

Congress has the opportunity to address this situation in the upcoming surface transportation reauthorization bill, which will set federal funding levels for transportation programs for the next five years and enact policy changes on how those funds are spent.

Without a stronger federal partnership, county-owned infrastructure will continue to fall behind as costs rise, safety risks grow and infrastructure needs compound. A modern, balanced and reliable federal investment strategy, one that reflects the position of county governments in maintaining the nation's transportation network, is essential to ensure safe travel, economic stability and long-term resilience.



Scan the QR code to view Surface Transportation Stats by County



County of Santa Clara, County Roads Team Ensures Safety and Efficiency for Motorists, Youtube

Endnotes

- ¹ American Society of Civil Engineers. (2025). [2025 infrastructure report card: A comprehensive assessment of America's infrastructure](#).
- ² Tomer, A. and Ben Swedberg (2024, November 12). [Connecting the DOTs: A survey of state transportation planning, investment, and accountability practices](#).
- ³ Even when federal funds passed through states are included, local governments remain chronically underfunded relative to their infrastructure responsibilities. Levin, A. G. (2025, June 26). [Federal grants to state and local governments: Trends and issues](#) (CRS Report No. R40638). Congressional Research Service.
- ⁴ American Society of Civil Engineers. (2025). [2025 infrastructure report card: A comprehensive assessment of America's infrastructure](#). ASCE.
- ⁵ NACo Analysis of U.S. Department of Transportation - Federal Highway Administration, 2024 National Bridge Inventory.
- ⁶ Munoz, SJ (2025, March 26). [American Society of Civil Engineers releases infrastructure report card](#).
- ⁷ National Transportation Research Group. (2026, April). [Key facts about the U.S. surface transportation system](#).
- ⁸ Harris, J., & Zmuda, T. (2025, February). [The County Landscape Project: County government taxes and revenues](#). National Association of Counties.
- ⁹ American Society of Civil Engineers. (2025). [2025 infrastructure report card: A comprehensive assessment of America's infrastructure](#).
- ¹⁰ Tomer, A. and Ben Swedberg (2025, April 24). [Highway Shakedown: How local road users are subsidizing state highway investments](#).
- ¹¹ Consumer Reports (2026, March 23). [As Crumbling Roads Increase Costs for American Drivers, Consumer Reports Looks at Fair, Effective Ways to Fund Transportation](#).
- ¹² American Road & Transportation Builders Association (2024). [ARTBA Bridge Report](#).
- ¹³ In 2023, the exact number was 40,990. In 2025, the number decreased slightly to 36,640. While this number has been steadily declining since 2022, overall traffic deaths have not returned to pre-pandemic levels. Source: National Center for Statistics and Analysis (2024, April). Early estimate of motor vehicle traffic fatalities in 2023 ([Traffic Safety Facts Crash. Stats Brief Statistical Summary. Report No. DOT HS 813 561](#)). National Highway Traffic Safety Administration.
- ¹⁴ U.S. Department of Transportation (2025, March 17). [The Critical Role of Rural Communities in the U.S. Transportation System](#).
- ¹⁵ NACo Analysis of U.S. Department of Transportation - Federal Highway Administration, 2023 Highway Performance and 2025 National Bridge Inventory.
- ¹⁶ National Asphalt Pavement Association (2020, April). [Key Facts about the U.S. Surface Transportation System](#).
- ¹⁷ NACo Analysis of U.S. Census Bureau - 2022 Census of Individual Governments: Finance.
- ¹⁸ SIFMA (2026, April 1). [US Municipal Bonds Statistics](#).
- ¹⁹ Warnock, T. (2024, December 30). [The cost of these 5 construction materials grew the most in 2023](#). Machinery Partner.
- ²⁰ Federal Highway Administration. (2024, September 30). [National Highway Construction Cost Index \(NHCCI\)](#).
- ²¹ U.S. Energy Information Administration, (2026, May 1). [US Diesel Sales Price \[GASDESX\]](#), retrieved from FRED, Federal Reserve Bank of St. Louis.
- ²² National Association of County Engineers (2026).
- ²³ Aoun, J., & Goldsmith, S. (2021, November 16). [Modernizing American infrastructure requires people and procurement, not just dollars](#). Brookings Institution.
- ²⁴ National Association of Counties (NACo). [The Bipartisan Infrastructure Law: Examining Investments in County Infrastructure—Analyzing FY 2022 Federal Competitive Transportation Awards](#).
- ²⁵ Wessel, D. (2024, August 7). [Why does building and maintaining highways in the US cost so much?](#) Brookings Institution.
- ²⁶ Goble, K. (2025, July 14). [States adopt truck weight rule changes, extension](#).
- ²⁷ Wessel, D. (2024, August 7). [Why does building and maintaining highways in the US cost so much?](#) Brookings Institution.
- ²⁸ American Society of Civil Engineers (2025). [ASCE Report Card Gives U.S. Infrastructure Highest-Ever 'C' Grade, Stresses Need for Sustained Investment to Support Economic Growth](#).
- ²⁹ NACo Analysis of the U.S. Department of Transportation - Federal Highway Administration, 2023 Highway Performance data.
- ³⁰ National Association of Counties (NACo). [The Bipartisan Infrastructure Law: Examining Investments in County Infrastructure—Analyzing FY 2022 Federal Competitive Transportation Awards](#).
- ³¹ A federal-aid highway is any public road that is part of the Federal-Aid Highway System, meaning it is eligible to receive federal funding for construction, maintenance and improvement. These highways are not limited to the interstate system; they include a wide range of roads that serve national, regional and local transportation needs.
- ³² Tomer, A. and Ben Swedberg (2024, November 12). [Connecting the DOTs: A survey of state transportation planning, investment, and accountability practices](#).
- ³³ Federal highway funding increased significantly in nominal terms under the Infrastructure Investment and Jobs Act; however, inflation has eroded much of this growth, leaving inflation-adjusted funding levels below those of the mid-2000s.; Lohman, A. E. (2026, February 5). [Surface transportation reauthorization: Federal highway programs](#) (CRS Report No. R48845, Version 4). Congressional Research Service.
- ³⁴ Levin, A. G. (2025, June 26). [Federal grants to state and local governments: Trends and issues](#) (CRS Report No. R40638). Congressional Research Service.
- ³⁵ Harris, J., & Zmuda, T. (2025, February). [The County Landscape Project: County government taxes and revenues](#). National Association of Counties.
- ³⁶ Ibid.
- ³⁷ Ibid.
- ³⁸ American Society of Civil Engineers. (2025). [2025 infrastructure report card: A comprehensive assessment of America's infrastructure](#). ASCE.



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